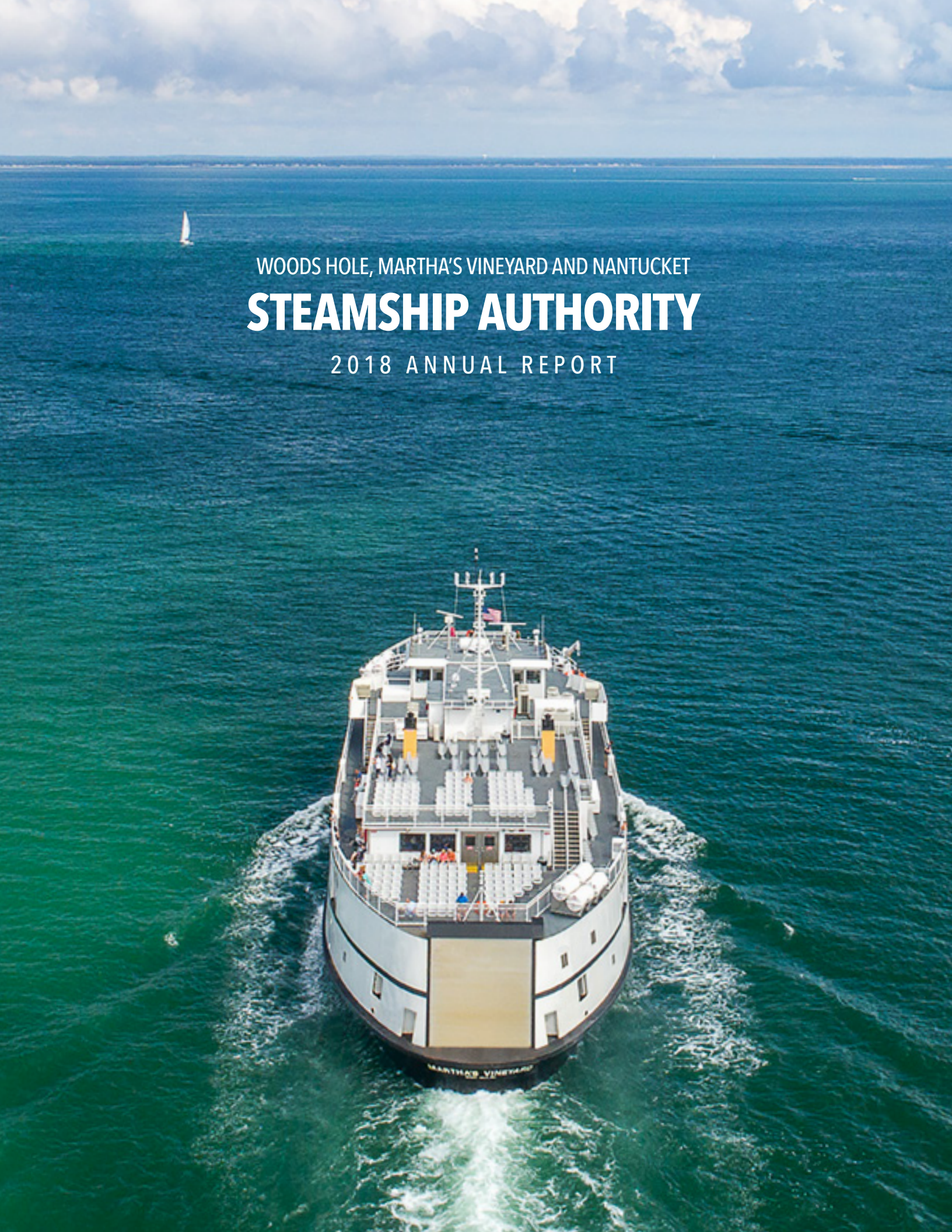
WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

2018 ANNUAL REPORT



THE STEAMSHIP AUTHORITY 2018 ANNUAL REPORT

To: His Excellency, the Governor

To: The Members of the General Court

The 2018 Annual Report of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority is respectfully submitted in accordance with Section 13 of Chapter 701 of the Acts of 1960, as amended by Chapter 276 of the Acts of 1962.

Sincerely,

Robert R. Jones
Barnstable
Chairman, 2019

AUTHORITY MEMBERS – 2018

Robert F. Ranney

CHAIRMAN
NANTUCKET

Robert R. Jones

VICE CHAIRMAN
BARNSTABLE

Marc N. Hanover

SECRETARY
MARTHA'S VINEYARD

Elizabeth H. Gladfelter

MEMBER
FALMOUTH

Moira E. Tierney

MEMBER
NEW BEDFORD

Port Council Members – 2018

Robert V. Huss – Oak Bluffs, Chairman
Edward C. Anthes-Washburn – New Bedford, Vice Chairman
Eric W. Shufelt – Barnstable, Secretary
Frank J. Rezendes – Fairhaven
Robert S. C. Munier – Falmouth
Nathaniel Lowell – Nantucket
George J. Balco – Tisbury

General Manager

Robert B. Davis

Treasurer/Comptroller

Gerard J. Murphy

General Counsel

Steven M. Sayers (January – July)
Terence G. Kenneally (August – December)

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

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** Please note: This edition of the 2018 Annual Report of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority is a reprint to reflect updated traffic statistics on page 25. Reprinted December 2020.*

2018 Operating and Financial Results

In 2018, the Steamship Authority's vessels made a total of 23,997 trips carrying 3,055,347 passengers, 483,047 automobiles and 190,557 trucks of all sizes to or from the islands of Martha's Vineyard and Nantucket. While those totals would indicate that 2018 was a success for the Steamship Authority, the year was marked with perhaps the biggest challenges ever faced by the organization. However, with challenge comes opportunity, in this case to make substantial, long-lasting changes to the Steamship Authority's operations.

The total number of passengers carried in 2018 decreased by 0.1% from those carried in 2017, as passenger traffic on the conventional service decreased by 44,078 riders, or 1.6%, while passenger traffic on the high-speed service increased by 40,376, or 13.3%. Automobiles carried in 2018 increased by 0.3%, while trucks carried in 2018 increased by 0.6% from the previous year. Overall, the total number of vehicles carried increased by 0.4% versus 2017. Approximately 87% of all vehicles carried by the Authority in 2018 were less than 20 feet in length. Also in 2018 approximately 32% of the vehicles carried by the Authority originated from the islands and traveled at excursion rates.

The Authority's operating revenues in 2018 totaled $104,806,611, an increase of $1,894,853, or 1.8%, versus 2017. Passenger revenue accounted for 31.1% of the Authority's total operating revenues in 2018, whereas automobile, freight, parking and miscellaneous revenues represented 28.7%, 27.5%, 6.8% and 5.9%, respectively, of the Authority's 2018 total operating revenues.

Operating expenses totaled $104,546,098 in 2018, an increase of $9,527,960, or 10.0%, compared to the previous year. Maintenance expenses increased by $4,320,000, or 27.4%, from 2017. The increases in maintenance expenses in 2018 were primarily attributable to increases in dry dock expenses of $1,503,000; vessel overhaul expense of $1,017,000; dolphin and dock work of $859,000; and engine parts and repairs of $84,000. The Authority's depreciation expenses increased by $627,000, or 5.8%, compared to the previous year, attributable to the addition of a full year of depreciation for the Woods Hole temporary terminal building and a partial year of depreciation for the *M/V Martha's Vineyard* midlife refurbishment.

Vessel operating expenses increased by $1,575,000, or 7.1%, versus 2017, due primarily to an increase of $681,000, or 4.5%, in vessel payroll and an increase of $703,000, or 12.2%, for vessel fuel oil expense. General expenses increased by $2,397,000, or 7.7%, from 2017, including increases in insurance of $292,000; in pension contributions of $93,000; in unemployment contributions of $237,000; and $827,000 in added employee health care costs.

Interest on bonds and other fixed charges were offset by license fee income and other income to bring the Authority's total net operating loss in 2018 to $244,614, a decrease of $8,240,582, or 103.1%, from the previous year. Despite the loss, 2018 was the 56th consecutive year without a deficit assessment on the taxpayers of the Authority's port communities.

The net cash provided by the Authority's operating activities each year is used to pay bond principal and to replace or upgrade its vessels, terminals and equipment.

Cash transfers from the Authority's Revenue Fund to its special-purpose funds in 2018 included $10,428,081 to the Sinking Fund to pay bond interest and principal that was coming due within the next 12 months and $6,998,388 to the Replacement Fund. The Authority disbursed $18,105,000 from its Capital Improvement Fund and $17,444,000 from its Replacement Fund during 2018 in connection with various capital projects, including $8,485,000 toward the *M/V Martha's Vineyard* midlife refurbishment project, $3,564,000 toward the construction of the new administration building in Falmouth, $12,020,000 toward the marine reconstruction cost for the Woods Hole Terminal Reconstruction Project, $1,141,000 for the passenger ticketing and access control, $954,000 toward generator replacements on the *M/V Governor* and $853,000 for the *M/V Island Home* bow thruster motor replacement.

A more detailed analysis of the Authority's financial statements for the year ended December 31, 2018, and further information regarding its 2018 fund transfers and use of special-purpose funds are included in the Management's Discussion and Analysis section of this report.

2018 OVERVIEW
(continued)

Challenges and Transformation

Undoubtedly, 2018 was a transformative year for the Steamship Authority filled with massive operational undertakings and a set of unprecedented challenges that tested its ability to maintain service in the face of disruptions caused by both severe weather and a raft of mechanical issues to its vessels.

In total, the Authority canceled 1,463 trips in 2018 – 617 for mechanical reasons, 625 for weather reasons and 221 for "other" reasons, which included lack of demand and as a result of operational needs. However, the Authority provided 329 trips via a chartered high-speed vessel from Seastreak to increase passenger capacity on the Vineyard run during March 2018. The disruptions caused great concern for both the Authority's employees and its travelers and, in the latter half of 2018, led to a comprehensive review of its operations to ensure the circumstances that led to these events are never repeated.

Reservations System

The year began with a technological challenge when the Authority opened its summer schedule to reservations on January 11, 2018. The Authority's internet reservations system was not functioning as designed for much of the day and slowed to a crawl, leaving much of the general public unable to make reservations online. However, the Authority's information technology programmers and employees, along with the system's hardware vendors, methodically checked everything to isolate the problem and finally resolved it by making a configuration change around 4:30 p.m. that day. Ultimately, the Authority processed a similar number of reservations that day as it did in 2017, and General Manager Robert B. Davis pledged to investigate the issue to make sure it did not suffer a repeat in the future.

Service Through Icy Conditions in Hyannis and Nantucket

In early 2018, ice choked the harbors of both Nantucket and Hyannis, making transport of needed goods and supplies to the island extremely difficult. However, on January 6, 2018, the U.S. Coast Guard cutter *USCGC Bollard* made a path into the Hyannis channel, which made it possible for the *M/V Nantucket* to be the first vessel to transit to Nantucket in three days. The vessel was loaded with food deliveries, as well as a truck with a needed part for Nantucket's sewer system. That was the only round trip that could be made that day.

On the next day, both the *M/V Nantucket* and the *M/V Gay Head* were able to make the trip after the *USCGC Bollard*, once again, cleared the Hyannis channel and then went to Nantucket to clear ice there. The Authority hired a tug to continue to clear ice from the Hyannis channel.

On January 7, 2018, the *M/V Sankaty* was placed into service and carried fuel trucks from Woods Hole to Nantucket. Because the Authority was restricted to daylight hours when transiting the Hyannis channel, the *M/V Sankaty* continued to carry fuel and food shipments to Nantucket from Woods Hole for the following week.

M/V Woods Hole

A series of operational problems for the Authority's newest vessel, the *M/V Woods Hole*, began on March 15, 2018, when it ran aground in shallow water while approaching Vineyard Haven. The vessel was able to back off the soft bottom and berth safely following the incident. No injuries were reported, and the U.S. Coast Guard cleared the vessel for service later that evening. However, an issue the following day with the vessel's on-board operating system led to two days of trip cancellations.

The vessel was taken out of service for three days the following week after experiencing issues with its propeller pitch controls. Eventually, the issue was traced to check valves in the port propeller shaft. Following replacements of the valves in both shafts, the vessel returned to service.

However, on March 27, 2018, an alarm code went off in the vessel's control panel. The investigation into the alarm kept the vessel out of service for a week while Authority engineers and technical representatives from both Hundested Propeller and Prime Mover Controls attempted to identify and address the malfunction. Numerous sea trials showed the vessel to be in good working order, so the Coast Guard cleared the vessel and approved the Authority's plan to place the *M/V Woods Hole* on the Hyannis to Nantucket route for several days for further monitoring by the technicians. The vessel ultimately sailed to Vineyard Haven to resume its scheduled service on April 6, 2018.

M/V Martha's Vineyard

The *M/V Martha's Vineyard* returned to service on March 3, 2018, after an extensive midlife refurbishment at Senesco Marine LLC of North Kingston, Rhode Island. The scope of the $16,967,150 project included, among other items, extending the 02 passenger cabin to enclose the aft stair towers; creating a center island for the purser's office, restrooms and food concession area; upgrading the HVAC system; upgrading the bow door; installing a new Marine Evacuation Slide (MES) system; modifying the pilothouse; and increasing the interior and exterior passenger seating.

However, the vessel experienced extensive mechanical issues shortly after its return to service. On March 17, 2018, the vessel lost power to its main engines approximately 15 minutes into its 45-minute trip from Vineyard Haven to Woods Hole. An emergency generator maintained power to the vessel but was not able to generate propulsion or heat. The anchor was dropped to keep the vessel from drifting. There were 72 passengers, 11 crew members and three food concession employees on board. The vessel was towed back to Vineyard Haven, and all of the passengers disembarked without incident. The Authority arranged for hotel accommodations for those who needed lodging until they were able to travel to Woods Hole the next day. It was later determined that the vessel's main fuel oil transfer pump was not generating enough pressure to transfer fuel properly, which led to the vessel losing power.

The vessel had subsequent issues that ultimately meant it was taken out of service for further investigation. The vessel did not fully return to service until March 29, 2018, but was later removed again for a period to allow the Authority's maintenance and engineering crews, along with workers from Senseco Marine LLC, to address the punch list items left over from the midlife refurbishment.

An ongoing dispute over the work performed by Senseco Marine LLC during the midlife refurbishment led to a mediated settlement between that company and the Authority regarding outstanding contractual claims. The settlement was approved by the Authority Board in December 2018.

2018 OVERVIEW
(continued)

M/V Island Home

The *M/V Island Home* was originally expected to be back in service on March 24, 2018, from its repair period; however, the vessel required additional time in Fairhaven, in part due to delays in the shipyard. The vessel was expected to be back in service by Easter; however, on March 29, 2018, while undergoing a Coast Guard inspection, it was determined that there was an issue with one of the bow thrusters. The issue required the system technician to return from out of the country to reinstall the software program. After the repairs were completed, the Coast Guard cleared the vessel to return to service on April 5, 2018.

Weather Disruptions

A pattern of severe weather in March caused daylong shutdowns of ferry service as multiple nor'easters battered Cape Cod and the Islands. The storms also knocked out the Authority's internet connectivity, rendering it unable to offer any services via its website. During a storm in April, the Authority's new administrative offices suffered a power spike that also affected other area businesses. As a result, several IT systems did not respond properly and had to be rebooted, although connectivity was affected for more than two hours.

The Authority's Response

During these service disruptions, in addition to moving its own vessels around to maintain service to the best of its ability, the Authority had reached an agreement with Seastreak LLC for high-speed passenger service between Woods Hole and the Vineyard, which was provided with the *M/V Whaling City Express* from March 28, 2018, through April 5, 2018, when the *M/V Woods Hole*, the *M/V Martha's Vineyard* and the *M/V Island Home* were out of service. The Authority and its Board extended its thanks to Seastreak for quickly dispatching the *M/V Whaling City Express* from its facilities in Atlantic Highlands, New Jersey, to assist.

Following two public Board meetings on Martha's Vineyard in which residents expressed their frustrations with the Authority's operations, the Board agreed to issue a Request for Proposals for a comprehensive review of its operations. Other actions taken in the wake of the service disruptions included:

- Implementing a new policy whereby additional sea trials are performed by its personnel on vessels that are coming out of repair periods to identify potential problems with performance before submitting the vessel to the U.S. Coast Guard for inspection.
- Moving to GovDelivery for its monthly e-News and trip alert emails to allow for better management and delivery of its messages to customers who have opted in to the service.
- Performing load testing with an external firm to determine the maximum user capacity of its website and continue to test the system to its breaking point.
- Redesigning its general internet opening plans for the summer 2019 sailing schedule to start accepting reservations on each route on different days to make the customer experience as smooth as possible.
- Ensuring that the Authority has the appropriate information technology redundancy so that it can avoid any loss of service in the future, including offering systems that will be available during regional power outages in order to keep the Authority's customers informed.
- Establishing a social media presence on Facebook and Twitter to allow for more direct communication with its customers.
- Developing the Operations and Communications Center (see page 15).
- Updating a crisis communications plan that provides the Authority with a clear and established chain of communication and a plan to gather and disseminate information to keep both the public and its employees armed with up-to-date and accurate information in urgent situations.

HMS Consulting Study

In June, after receiving responses from eight firms in response to its Request for Proposals for a comprehensive review of the Authority's operations, the Board voted on June 19, 2018, to authorize the general manager to enter into a contract with HMS Consulting and Technical to perform the work. Representatives from HMS Consulting, along with subcontractors Glosten Associates and Rigor Analytics, spent one week onsite in July to review the Authority's operations and speak with its employees. Subsequently, the consultants spent the next several months requesting and reviewing volumes of data and information from the Authority, as well as conducting follow-up interviews in person and via phone. The review covered five topics: vessel operations, fleet maintenance, management structure, information technology systems and public communications.

In December 2018, HMS Consulting and Technical President John Sainsbury presented the findings of their study. Although the public communications portion of the study was presented in an addendum issued in February 2019, the report included 10 recommendations for the Authority to improve its service that spanned all five portions of the study. The recommendations were:

PROCESS-BASED MANAGEMENT

i. Adopt a Safety Management System
ii. Adopt a Quality Management System
iii. Adopt a Learning Management System

VISION

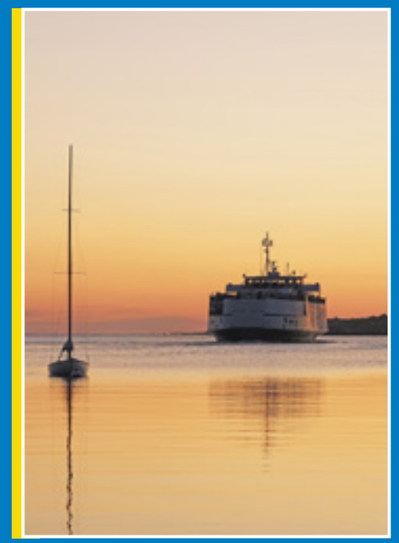
iv. Mission Statement and Objectives
v. Strategic Planning

ORGANIZATIONAL STRUCTURE

vi. Engineering Resources
vii. Health, Safety, Quality and Environmental Management
viii. Vessel Operations

MANAGEMENT RECRUITING AND ACCOUNTABILITY

ix. External Recruitment
x. Performance Objectives/Accountability



The report also highlighted many things the Authority does well, including the commitment by its employees to providing safe and reliable transportation service to and from the islands of Martha's Vineyard and Nantucket. It also noted the Authority's unique funding structure, in that it does not rely on annual government subsidies and that its roughly $100,000,000 budget is supported nearly entirely by fares.

Headed into 2019, the Authority Board and its management expressed their commitment to implementing the recommendations contained in the HMS report in a thoughtful and expedient manner in order to improve the Authority's operations, to work to regain the trust of the public and to regain its standing as a safe, reliable and economical source of transportation to and from the islands of Martha's Vineyard and Nantucket.

Woods Hole Terminal Reconstruction Project Updates

The Steamship Authority continued work on its Woods Hole Terminal Reconstruction Project in 2018, with the first phase of its marine work starting in the spring. The Authority had previously determined that, because the possibility that any significant ongoing construction activities during the summer months may have a detrimental impact on the Woods Hole community, the Martha's Vineyard economy and the Authority's operations, that the reconstruction of the terminal site should be scheduled in phases during the offseason as much as practicable. The phases include:

Phase 1: Construct a new administration building within the Palmer Avenue parking lot and construct a temporary terminal building at the Woods Hole terminal.

Phase 2a: After moving to the new administration building and temporary terminal building, demolish the existing terminal/General Offices building and excavate a portion of the existing retained-earth pier.

Phase 2b: Partially construct a new Slip No. 3, to be relocated generally where the wharf is currently located.

Phase 3: Complete construction of a new Slip No. 3 and construct a new Slip No. 2 (formerly Slip No. 1) with new passenger loading walkways, ramps and an outer floating passenger platform.

Phase 4: Complete construction of a new Slip No. 1 (formerly Slip No. 2) with new passenger loading walkways, ramps and an outer floating passenger platform.

Phase 5: Following reconstruction of the three ferry slips, construct the new terminal building. This work may extend past mid-June into the summer season between Phases 5 and 6.

Phase 6: Complete remaining work to be done at the site, including removal of the temporary terminal building, reconstruction of vehicle staging lanes, construction of equipment storage building and final landscaping.

The Authority expects the last construction phase to be completed by June 2023.

2018 OVERVIEW
(continued)

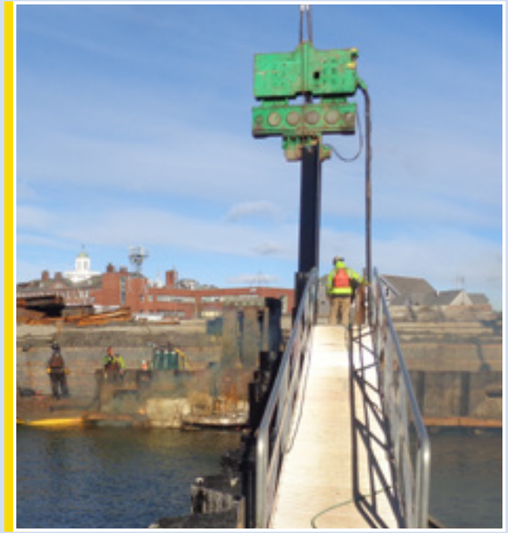
Construction of Slip No. 3 Begins

Marine contractor Jay Cashman Inc. set up its construction site at the Woods Hole terminal in January 2018 and began its preliminary work on the first phase of the marine side of the project, the construction of the new Slip No. 3. As part of the project work, Cashman moved the passenger ramp and gangway system to a location between existing Slips No. 1 and 2; installed a temporary fender system on the north side of Slip No. 1 for support when the wharf is excavated; and rerouted the electrical lines needed to power the slip.

In the beginning of March, demolition contractor J.R. Vinagro demolished the former terminal and administrative office building at the Authority's Woods Hole terminal. Jay Cashman then began excavation at the site, which will be the location of the new Slip No. 3. After determining that customer shelter was lacking at the site, a contract was awarded to Manchester Awning to construct "permanent temporary" tenting at the site that would provide cover from the elements to customers queuing for the boats between Slips No. 1 and No. 2.

Following a report from a Water Street property owner, the Authority's engineers established a vibration monitoring program that calls for monitoring properties within a 200-foot radius of pile driving activities and that, beyond that distance, the engineers feel that ground vibrations are attenuated by the soil. Although there were no properties within this radius, vibration monitoring was established near the property line at Luscombe and Railroad Avenues, after receiving this property owner's report. The monitoring station allows staff to verify that the pile driving operations are not currently exceeding any generally accepted thresholds, which are 0.25 inches/second to 2.0 inches/second. If the threshold values are reached, the contractor will be required to alter operations, such as reducing the energy on the pile hammer to reduce construction vibrations below the threshold levels.

Terminal Design Process



A year after it last presented the plans for a new terminal building to the Board, the Authority brought the designs to the public in a series of meetings in October 2018. The building, as presented, was a two-story saltbox design wrapped with a wood pergola on three sides. The building sat 30 inches above a plaza, and the entire site was to be elevated to 13 feet so as to meet flood zone requirements for the site.

A community presentation on the design development of the terminal building for the Woods Hole terminal was held at the Falmouth Public Library on October 9, 2018, followed by an open house presentation at the Vineyard Playhouse on October 10, 2018. The Authority then received various comments about the design concept, both favorable and unfavorable. Staff continued to work with BIA (formerly known as Bertaux + Iwerks Architects). studio and community representatives on the terminal design plans and the comments pertaining to the building to examine what could be done to minimize identified concerns, including attempting to revise the terminal's programmatic requirements to reduce the building's height as much as possible.

2018 OVERVIEW
(continued)

Moving Into New General Offices

The Authority began moving employees into its new administrative offices at 228 Palmer Avenue, Falmouth, on February 5, 2018. The move came after a period of exhaustive work by the Authority's MIS department to disconnect all of the Authority's computer systems in Woods Hole, moving them to the new office building and reconnecting them there, and then reprogramming everything so that all of the equipment worked seamlessly at its new location. At a special joint meeting of the Authority's Board and Port Council, the builder's plaque was presented to the public by General Manager Robert B. Davis, who made the following comments: "On behalf of all of the employees who are now working in this building, I can say that, while we, of course, miss our old water views and the sounds of boat whistles and seagulls, we had no idea what a triumph our new offices would be. They create a wonderful working environment for all of us, particularly the work spaces and the light throughout the second and third floors so much so that we enjoy working here more and more every day. The architectural details are also impressive, but not in a fussy or extravagant way that would be inappropriate for a public building. Overall, everything about the building is spot-on and makes sense, and it is a work of art as well."

Mr. Davis also thanked the design team, led by Chris Iwerks and Sela Bailey of Bertaux + Iwerks Architects; general contractor G&R Construction, including President Robert Morel, Senior Project Manager Dan Aylward and Superintendent Dennis Morel; the Authority's clerk of the works, Steve LeBaron; and Woods Hole Terminal Project Manager Bill Cloutier.

Operations and Communications Center Created

As part of its efforts to centralize and streamline its operations, the Steamship Authority created an Operations and Communications Center in its new administration building in 2018. The center helped the Authority better manage its vessel and terminal operations and ensured vital information was relayed in a timely and accurate manner to essential personnel.

As designed, functions of the Operations and Communications Center included:

- Assuming the current functions of the Fleet Personnel Office.
- Monitoring vessel activity and ensuring that delays, diversions and cancellations are posted in a timely manner for the public as well as Steamship staff.
- Monitoring vehicular traffic around the terminals as well as traffic delays and road closures and updating public and staff as appropriate.
- Monitoring the Peter Pan bus service.
- Ensuring current parking information is accurate online and assisting in the dispatch of buses.
- Monitoring and responding to social media channels.
- Dispatching maintenance personnel.
- Logging vessel on-time performance.

Joseph Russas, a 27-year employee of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, was selected to serve as the manager of the Operations and Communications Center.

Mr. Russas joined the Steamship Authority in 1991 as an Ordinary Seaman. He quickly worked his way up the ranks, serving as an Able-Bodied Seaman, a Boatswain and a Purser before coming into the Fleet Personnel Office in 2013. There, he first worked as a Fleet Personnel Assistant before becoming the Fleet Personnel Administrator in 2014. In his most recent role, Mr. Russas has overseen the crewing of the Authority's vessels, including ensuring each trip meets minimum manning requirements, assigning crews for extra service and maintaining records of assignments, position changes, vacations, training and leaves.

Federal Transit Administration Grant Funds

Three years after first being approached by Thomas Cahir, the administrator of the Cape Cod Regional Transit Authority, to participate in a strategy to increase federal funding for the Cape Cod region, the Steamship Authority received $1,571,420 in funds from the Federal Transit Administration as a result of collaborating with the CCRTA to establish that the ferry routes to Martha's Vineyard and Nantucket are a commuter service.

The funding came about after the Authority was successful in satisfying the rigorous reporting requirements of the Federal Transit Administration to add ferry service transportation data to the CCRTA's standard transportation reporting to the National Transit Database, beginning with the Authority's 2015 activities. Pursuant to a 2017 Memorandum of Understanding, the Authority and CCRTA split the additional funding that resulted from the additional data being supplied to the program.

Due to additional surveys that the FTA subsequently required to more specifically define a "commuter" on one of the Authority's vessels, Mr. Cahir indicated that the partnership could yield even more funding in the future, and that after seven years of participating in the program, it will receive 50% more funding to be used for its vessels' and facilities' maintenance needs.

Accounting System Replacement

In January, the Authority Board approved a new accounting system that would replace the Authority's 40-year-old legacy program and vastly improve its ability to monitor and manage its finances. The contracts with CBIZ MHM Inc. and RSM US LLP resulted in the selection of a Microsoft Dynamics NAV (Navision) enterprise resource planning software product, which included a time and attendance capability from TimeClock Plus and a payroll and human resource capability from Kenex Vision Payroll.

Dredging Slip No. 2 in Woods Hole

In February 2018, Burnham Associates of Salem, Massachusetts, performed maintenance dredging at Slip No. 2 in Woods Hole to address shoaling at the site that had begun to affect the operations of some vessels. An estimated 306 cubic yards of base dredge and 136 cubic yards of over-dredge were removed from the site. The dredged materials were dewatered on a barge and initially had been planned to be disposed of at an approved beach nourishment site in Falmouth; however, the town's beach superintendent deemed the material unusable, so it was disposed of by Lawrence Lynch Co. after being stored temporarily at the Authority's Palmer Avenue parking lot.

Changes to Multiride Cards

The Steamship Authority Board voted in March to discontinue the Authority's 10-ride Ferry Pass Card after it became known that the use of the card by multiple individuals on a single trip was a violation of the state's Embarkation Fee statute. The law mandates a $0.50 per ride surcharge that is paid to the port community in which the ferry trip originated, but the Authority had exempted the Ferry Pass cards from the fee based on its prior understanding of the law.

In its place, the Authority introduced the five-ride Lifeline Card, which was still exempt from the $0.50 per ride surcharge and was limited to only one use per trip. The reasoning behind the five-ride minimum renewal threshold was so a pair of travelers – for example, a husband and wife – would not have to spend extra money on the initial purchase of the cards compared to the Ferry Pass product.

In the fall, however, following customer feedback about the inconvenience of carrying multiple cards for family members, the Board voted to reintroduce the Ferry Pass Card, but this time with the $0.50 per trip surcharge added to the cost. The Lifeline Card program remained active, giving customers the choice of the convenience of the Ferry Pass Cards or the extra savings of the Lifeline Cards, which continued to be exempt from the embarkation fee.

Medical Policy Change

In September, the Authority Board approved a change in the SSA's Medical Excursion Fare policy, which was recommended by staff after meeting with representatives from the medical communities on the islands. The change lowered the threshold for island residents to qualify for the fare from 10 medical appointments to five for the same condition in a three-month time span, which represents a 50% discount on the normal excursion fare pricing. Any follow-up appointments within one year also qualify for the discounted rate.

Testing New Buses

Following an unfavorable customer reaction to new shuttle buses that featured side-by-side seating instead of the perimeter seating most often used for the Authority's fleet, the Authority's operations staff investigated alternatives that it would be able to purchase without requiring the configuration made necessary by new Federal Transit Authority guidelines. The Authority borrowed a low-floor New Flyer Xcelsior bus from the Vineyard Transit Authority and, after using it on its routes and receiving universally positive customer feedback, decided to purchase four buses of that style for its fleet. The buses were expected to come online in early 2020.

2018 OVERVIEW
(continued)

Steven M. Sayers Retires

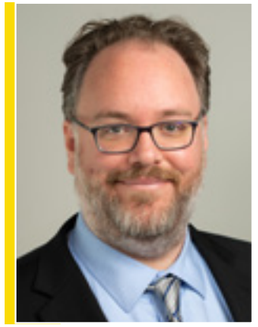
In July 2018, the Steamship Authority's first general counsel, Steven M. Sayers, retired after 26 years at the Authority. A graduate of Boston University and Harvard Law School, Mr. Sayers started at the Authority in 1992 after 11 years in private practice. As the first full-time general counsel for the Authority, he provided decades of dedicated service to its operations. He continued on with the organization in a part-time role working as counsel following his retirement.

New General Counsel

In May, the Authority welcomed Terence G. Kenneally as general counsel-designate, with Mr. Kenneally taking on the role of general counsel following Mr. Sayers' retirement. Prior to joining the Authority, Mr. Kenneally was an accomplished civil litigator with experience in maritime defense, insurance defense and commercial transactions, and had been practicing with the firm of Clinton & Muzyka, P.C., in Boston since 2004, where he represented the Authority in dozens of civil matters involving contract disputes and tort actions in both state and federal courts. As a result, Mr. Kenneally came to the Authority with a strong working knowledge of the applicable legal and regulatory frameworks in which it operates. In addition to being a litigator, Mr. Kenneally has conducted marine casualty investigations and negotiated leases, licenses, agreement and other commercial transaction documents for shipping clients and vessel owners. Prior to joining Clinton & Muzyka, he was in-house counsel and operations manager for an international shipping company in Gloucester, Massachusetts.

New Communications Director

In June 2018, the Authority welcomed Sean F. Driscoll to serve as its Communications Director, a role that the Members reinstated earlier in the year to ensure the ferry service has an integrated internal and external communication program. Mr. Driscoll is a graduate of Indiana University with a Bachelor of Arts in political science and a certificate in journalism. Prior to joining the Authority, Driscoll worked at the Cape Cod Times as a reporter and editor; his coverage included reporting on the Authority, which gave him a strong working knowledge of its operations and the projects that are underway. Before joining the Times, Driscoll worked as a reporter at several other regional newspapers in the Midwest.



Phil J. Parent Retires

After 48 years of dedicated service to the Steamship Authority, Phillip J. Parent retired in August 2018. Mr. Parent started out as a ticket seller and agent before becoming the operations manager and, for the last 27 years of his service to the Authority, serving as director of human resources. Mr. Parent is a graduate of the Program for Management Development at Harvard University and attended the Calhoon MEBA Engineering School in Baltimore, Maryland, prior to his employment at the Authority.

Embarkation Fees Collected on Behalf of the Port Communities

The Authority collected town-mandated ferry embarkation fees totaling $1,051,426 from passengers traveling on its vessels during 2018.

A state law passed in 2003 allows any city or town in Barnstable, Dukes, Nantucket and Bristol counties to accept a provision that requires the Authority and certain other private ferry operators to impose a $0.50 per-person ferry embarkation fee for travel originating from its community. The law exempts specific passengers from the town-mandated fee, including certain island residents traveling at excursion rates, commuters using ticket books and those traveling in school-related groups. The law also exempts passengers carried on ferry boats that are licensed by the U.S. Coast Guard to transport not more than 100 passengers.

The fees collected under the statute by the various ferry operators are distributed to the respective municipalities through the Massachusetts Department of Revenue. The statute requires each city or town to deposit the monies received into a special fund "to be solely appropriated for the purpose of mitigating the impacts of ferry service on the city or town. Monies deposited may be appropriated for services including, but not limited to, providing harbor services, public safety protection, emergency services or infrastructure improvements within and around the harbor."

The ferry embarkation fees collected by the Authority were distributed through the Massachusetts Department of Revenue to the following port towns that have accepted the provisions of the statute:

	2018	TOTAL 2004-2018
BARNSTABLE *	$ 95,963	$ 1,227,434
FALMOUTH	397,713	5,416,254
NANTUCKET	130,421	1,627,755
OAK BLUFFS	141,880	1,604,931
TISBURY	253,461	3,739,812
YARMOUTH**	31,988	409,145

* 75% of fees collected from passengers departing from the town of Barnstable

** 25% of fees collected from passengers departing from the town of Barnstable

By the end of 2018, a total of $14,025,331 in ferry embarkation fees had been collected from passengers traveling on the Authority's vessels and distributed to the Authority's port towns over the past 15 years pursuant to the provisions of chapter 46 of the Acts of 2003, as amended by chapter 55 of the Acts of 2003 and chapter 65 of the Acts of 2004.

2018 OVERVIEW
(continued)

2018 Years of Service Awards

Employees are the lifeblood at any company, and the Steamship Authority is particularly lucky to have such a strong contingent of staff who have chosen to share their talents with us and our customers. We recognize these employees who celebrated service anniversaries in 2018 and wish fair winds and following seas to those who retired.

45 YEARS
Stephen Healy

40 YEARS
David Ross

35 YEARS
Phillip Maseda
Michael Mazza
Patrick McGaughey
Kathleen Parsons
Paul Wessling

30 YEARS
James Bryant
Bruce Demers
Myles Ferrick, Jr.
Peter Flaherty
Richard Fraser
Mark Glavin
Tracey Halstead
John Hanson
Brian Hocking
Michael Mahoney
Edward Malzenski, Jr.
Brian McNamara
Stephen Pollitt
Daniel Pryor
Timothy Smith
Allison Souza
Armando Vieira
Loren Weare

25 YEARS
Norman Anderson
Andre Arsenault
Raymond Burke
David Colburn
Stanford Dennison, III
Kendall Harris
Gerald Jenkins
Albert Kinsley
Kevin Lyons
Thomas Marks
Ronald Maseda
Henry Rogers
Michael Waddington
Andrea Williams

20 YEARS
Michael Abram
Kevin Beaudoin
Bruce Bramwell
Timothy Curtin
Ellen Ferguson
Glenn Ferreira
Mark Lavoie
Gretchen Lockwood
Jeremy McKnight
Charles McManus
Paul Menton
Manuel Monteiro, Jr.
Joseph Pinard
Philip Ricardo, Jr.
Elizabeth Rioux
Wayne Roderick
Christopher Tapper
Peter Tsarides
Bradley Tucker

2018 Retirements

Phillip Parent, 48 years of service
Bruce Malenfant, 40 years of service
Shayne E. Grier, 39 years of service
Christine Hart, 38 years of service
Steven Pierson, 38 years of service
Robert Sylvia, Jr. 36 years of service
Mark Young, 35 years of service
Stephen Ames, 31 years of service
Steven Paglierani, 31 years of service
Margaret Dowd, 30 years of service
Thomas Keleher, 29 years of service
Steven Sayers, 26 years of service
Stephen O'Neill, 24 years of service
Thomas Gula, 22 years of service
Lars Olsen, 22 years of service
Carol Eldridge, 20 years of service
Kenneth Decker, 18 years of service
Charles Gifford, 15 years of service

A Word of Thanks to Our Employees

I will forever remember this year as one of the most difficult periods for the Steamship Authority in nearly every way – our operations, our finances and our good standing in the community. Where we did excel, and where we continue to excel, is in the excellent service our employees provide our customers, especially during times of great challenge. It is because of the dedication and commitment of our employees that we were able to weather the figurative and literal storms of 2018. It is also that dedication and commitment that will enable us to emerge from these challenges a stronger organization.

As we have in years past, the Authority performed a survey of our customers to have a better understanding of their perception of our operations. On a scale of 1 to 10, with 1 being "not at all likely" and 10 being "very likely," 78% of those who were surveyed said they were "very likely" to recommend traveling with the Steamship Authority to family or friends. In 2017, 77% of customers gave the same response; in 2016 and 2015, respectively, the same answer was given by 78% and 70% of those surveyed. Overall, 83% of travelers rated their overall passenger experience as very good or excellent, compared to 88% in 2017.

These continued positive responses from the surveys show the power of our employees' dedication to their jobs, whether it be piloting a vessel or cleaning the floors. I extend my sincere thanks to each of the men and women who work for the Authority for their hard work and for continuously striving to improve the overall level of customer service.

Sincerely,

Robert B. Davis
General Manager

TRAFFIC STATISTICS

Passengers Carried

Number of passengers carried from each port during 2018.

FROM:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
TO:					
WOODS HOLE		888,438	329,236	75	
VINEYARD HAVEN	901,067				
OAK BLUFFS	316,567				
NANTUCKET	65				307,441
HYANNIS				312,458	
TOTAL: 2018	1,217,699	888,438	329,236	312,533	307,441
TOTAL: 2017	1,235,502	921,841	309,205	296,802	295,699
CHANGE:	-1.4%	-3.6%	6.5%	5.3%	4.0 %

Passengers Carried and Revenue - 2018 vs. 2017

	NUMBER OF PASSENGERS			TICKETED REVENUE FROM PASSENGERS CARRIED*			AVERAGE REVENUE PER PASSENGER		
MONTH	2017	2018	CHANGE	2017	2018	CHANGE	2017	2018	CHANGE
JANUARY	115,333	111,006	-3.8%	$ 936,821	$ 905,448	-3.3%	$ 8.12	$ 8.16	0.5%
FEBRUARY	103,861	108,643	4.6%	819,546	861,135	5.1%	7.89	7.93	0.5%
MARCH	120,872	106,183	-12.2%	983,878	879,891	-10.6%	8.14	8.29	1.8%
APRIL	199,140	184,020	-7.6%	2,037,249	1,861,713	-8.6%	10.23	10.12	-1.1%
MAY	283,282	283,117	-0.1%	3,031,140	2,956,900	-2.4%	10.70	10.44	-2.4%
JUNE	334,141	339,891	1.7%	3,309,573	3,578,632	8.1%	9.90	10.53	6.4%
JULY	466,429	476,020	2.1%	4,527,957	5,080,278	12.2%	9.71	10.67	9.9%
AUGUST	498,235	492,723	-1.1%	5,298,995	5,276,021	-0.4%	10.64	10.71	0.7%
SEPTEMBER	319,418	346,771	8.6%	3,449,604	3,707,343	7.5%	10.80	10.69	-1.0%
OCTOBER	274,912	260,481	-5.2%	2,897,107	2,711,495	-6.4%	10.54	10.41	-1.2%
NOVEMBER	183,154	180,951	-1.2%	1,950,500	1,977,989	1.4%	10.65	10.93	2.6%
DECEMBER	160,272	165,541	3.3%	1,713,449	1,777,219	3.7%	10.69	10.74	0.5%
TOTAL	3,059,049	3,055,347	-0.1%	$ 30,955,819	$ 31,574,064	2.0%	$ 10.12	$ 10.33	2.1%

*Ticketed revenue from passengers carried differs from passenger revenue in the financial statements due to classification and timing differences.

Automobiles Carried

Number of automobiles carried from each port during 2018.

FROM:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
TO:					
WOODS HOLE		167,412	41,061	3	
VINEYARD HAVEN	163,765				
OAK BLUFFS	45,693				
NANTUCKET					32,959
HYANNIS				32,154	
TOTAL: 2018	209,458	167,412	41,061	32,157	32,959
TOTAL: 2017	208,454	171,730	35,569	32,433	33,239
CHANGE:	0.5%	-2.5%	15.4%	-0.9%	-0.8%

Automobiles Carried and Revenue - 2018 vs. 2017

	NUMBER OF AUTOMOBILES			TICKETED REVENUE FROM AUTOMOBILES CARRIED*			AVERAGE REVENUE PER AUTOMOBILE		
MONTH	2017	2018	CHANGE	2017	2018	CHANGE	2017	2018	CHANGE
JANUARY	22,920	21,761	-5.1%	$ 738,037	$ 696,423	-5.6%	$ 32.20	$ 32.00	-0.6%
FEBRUARY	20,722	21,625	4.4%	658,207	684,682	4.0%	31.76	31.66	-0.3%
MARCH	25,192	21,205	-15.8%	836,153	732,749	-12.4%	33.19	34.56	4.1%
APRIL	34,279	31,813	-7.2%	1,794,636	1,658,009	-7.6%	52.35	52.12	-0.4%
MAY	42,773	42,676	-0.2%	2,741,616	2,738,027	-0.1%	64.10	64.16	0.1%
JUNE	51,636	51,667	0.1%	3,891,320	3,906,222	0.4%	75.36	75.60	0.3%
JULY	64,004	64,274	0.4%	5,363,688	5,269,555	-1.8%	83.80	81.99	-2.2%
AUGUST	65,252	68,306	4.7%	5,503,124	5,700,879	3.6%	84.34	83.46	-1.0%
SEPTEMBER	47,234	53,012	12.2%	3,474,980	3,843,814	10.6%	73.57	72.51	-1.4%
OCTOBER	42,354	41,537	-1.9%	2,483,290	2,426,898	-2.3%	58.63	58.43	-0.3%
NOVEMBER	34,348	33,934	-1.2%	1,286,161	1,254,792	-2.4%	37.45	36.98	-1.3%
DECEMBER	30,711	31,237	1.7%	1,062,231	1,068,189	0.6%	34.59	34.20	-1.1%
TOTAL	481,425	483,047	0.3%	$ 29,833,443	$ 29,980,239	0.5%	$ 61.97	$ 62.06	0.1%

*Ticketed revenue from automobiles carried differs from automobile revenue in the financial statements due to classification and timing differences.

TRAFFIC STATISTICS
(continued)

Trucks Carried
Number of trucks carried from each port during 2018.

FROM:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
TO:					
WOODS HOLE		59,267	9,124	89	
VINEYARD HAVEN	60,456				
OAK BLUFFS	8,788				
NANTUCKET	77				26,636
HYANNIS				26,120	
TOTAL: 2018	69,321	59,267	9,124	26,209	26,636
TOTAL: 2017	68,744	60,266	7,696	26,012	26,670
CHANGE:	0.8%	-1.7%	18.6%	0.8%	-0.1%

Trucks Carried and Revenue - 2018 vs. 2017

	NUMBER OF TRUCKS			TICKETED REVENUE FROM TRUCKS CARRIED*			AVERAGE REVENUE PER TRUCK		
MONTH	2017	2018	CHANGE	2017	2018	CHANGE	2017	2018	CHANGE
JANUARY	12,267	12,038	-1.9%	$ 1,644,605	$ 1,687,059	2.6%	$ 134.07	$ 140.14	4.5%
FEBRUARY	11,429	12,398	8.5%	1,553,453	1,722,169	10.9%	135.92	138.91	2.2%
MARCH	14,547	12,403	-14.7%	1,966,560	1,781,522	-9.4%	135.19	143.64	6.3%
APRIL	17,115	16,847	-1.6%	2,541,985	2,586,164	1.7%	148.52	153.51	3.4%
MAY	19,586	19,751	0.8%	3,011,351	3,146,353	4.5%	153.75	159.30	3.6%
JUNE	18,981	18,858	-0.6%	3,103,406	3,096,572	-0.2%	163.50	164.20	0.4%
JULY	17,002	17,662	3.9%	2,882,686	3,002,218	4.1%	169.55	169.98	0.3%
AUGUST	16,819	17,280	2.7%	2,902,999	2,954,818	1.8%	172.60	171.00	-0.9%
SEPTEMBER	15,227	16,716	9.8%	2,338,456	2,527,898	8.1%	153.57	151.23	-1.5%
OCTOBER	17,316	17,194	-0.7%	2,446,665	2,493,517	1.9%	141.30	145.02	2.6%
NOVEMBER	15,266	15,088	-1.2%	1,981,901	1,915,888	-3.3%	129.82	126.98	-2.2%
DECEMBER	13,833	14,322	3.5%	1,806,393	1,852,886	2.6%	130.59	129.37	-0.9%
TOTAL	189,388	190,557	0.6%	$ 28,180,460	$ 28,767,064	2.1%	$ 148.80	$ 150.96	1.5%

* Ticketed revenue from trucks carried differs from freight revenue in the financial statements due to classification and timing differences.

A 10-YEAR TRAFFIC HISTORY

Passengers Carried

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2009	2,179,567	513,611	**2,693,178**
2010	2,213,800	522,347	**2,736,147**
2011	2,189,530	522,517	**2,712,047**
2012	2,244,441	558,539	**2,802,980**
2013	2,263,708	582,983	**2,846,691**
2014	2,287,999	605,852	**2,893,851**
2015	2,378,303	644,787	**3,023,090**
2016	2,466,757	660,547	**3,127,304**
2017	2,466,548	592,501	**3,059,049**
2018	2,435,308	620,039	**3,055,347**

Vehicles Under 20' in Length Carried
(including automobiles, pickup trucks, vans, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2009	440,058	81,212	**521,270**
2010	445,662	81,789	**527,451**
2011	446,360	80,180	**526,540**
2012	455,894	80,551	**536,445**
2013	462,148	79,928	**542,076**
2014	466,900	82,308	**549,208**
2015	475,286	84,215	**559,501**
2016	496,785	86,086	**582,871**
2017	* 500,154	* 85,418	*** 585,572**
2018	* 502,117	* 84,668	*** 586,785**

Vehicles 20' and Over in Length Carried
(including trucks, trailers, buses, campers, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2009	44,246	24,137	**68,383**
2010	44,467	23,233	**67,700**
2011	44,037	23,524	**67,561**
2012	42,617	24,545	**67,162**
2013	45,638	26,720	**72,358**
2014	47,344	27,707	**75,051**
2015	49,069	29,588	**78,657**
2016	50,343	31,584	**81,927**
2017	52,305	32,936	**85,241**
2018	53,449	33,370	**86,819**

** Please note: This edition of the 2018 Annual Report of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority is a reprint to reflect updated traffic statistics. Reprinted December 2020.*

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Years Ended
December 31, 2018 and 2017

THE STEAMSHIP AUTHORITY
2018 ANNUAL REPORT

RSM

RSM US LLP

To the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Emphasis of Matters

As discussed in Note 1 to the accompanying financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Accordingly, the net position of the Authority has been restated as of January 1, 2017.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions to the Multiemployer Pension Plan, and the Schedule of Net OPEB Liability and Related Ratios*, and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Boston, Massachusetts
February 4, 2020

As management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority or Steamship Authority), we offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2018 and 2017. The Steamship Authority is a public instrumentality created by the legislature of the Commonwealth of Massachusetts under Chapter 701 of the Acts of 1960, as amended (the Act), "in order to provide adequate transportation of persons and necessaries of life for the islands of Nantucket and Martha's Vineyard".

Overview of the Financial Statements

This overview and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special-purpose governmental entity engaged in only business-type activities. As such, its financial statements consist of only those required for enterprise funds and the related notes. The Authority's financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. In addition to the basic financial statements, this report includes notes to the financial statements and also contains required supplementary information (RSI) pertaining to the pension plans and the other postemployment benefit plan (OPEB) of the Authority.

The statements of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position consists of three sections: net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component of the net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The Authority restated its fiscal year 2017 beginning net position by a reduction of $1,387,749. This was primarily due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. As a result of implementing the provisions of these standards, the Authority reported an Other Postemployment Benefits Liability increase of $1,387,749 as of January 1, 2017.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the year with the difference, the net income or loss, being combined with any capital grants and contributions, income from special-purpose restricted funds, and special items to determine the change in net position for the year. That change combined with the net position at the end of the previous year reconciles to the net position at the end of the current year.

The statements of cash flows report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net results of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The basic financial statements can be found on pages 44-76 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI. RSI contains data related to the Authority's defined benefit pension plan, OPEB plan provided to its employees, and contributions made to the multiemployer plans. The RSI can be found on pages 77-79 of this report.

Condensed Financial Information

Condensed financial information from the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, are as follows:

	2018	2017 (AS RESTATED)	2016
Current assets	$ 20,154,172	$ 22,156,785	$ 18,629,422
Special-purpose restricted funds	35,430,444	38,811,941	43,932,247
Capital assets, net	199,672,741	183,033,512	163,848,715
Total assets	255,257,357	244,002,238	226,410,384
Deferred outflows of resources	4,841,472	4,204,187	4,953,909
Total assets and deferred outflows of resources	**$ 260,098,829**	**$ 248,206,425**	**$ 231,364,293**
Current liabilities	$ 14,532,652	$ 14,278,931	$ 13,325,150
Liabilities payable from special-purpose restricted funds	8,381,097	7,955,583	6,765,160
Noncurrent liabilities	109,941,031	100,830,775	94,721,425
Total liabilities	132,854,780	123,065,289	114,811,735
Deferred inflows of resources	2,326,822	911,006	1,238,810
Net position:			
Net investment in capital assets	118,463,899	105,700,370	91,642,338
Restricted	25,726,106	35,380,566	41,324,128
Unrestricted deficit	(19,272,778)	(16,850,806)	(17,652,718)
Total net position	124,917,227	124,230,130	115,313,748
Total liabilities, deferred inflows of resources, and net position	**$ 260,098,829**	**$ 248,206,425**	**$ 231,364,293**
Total operating revenues	$ 104,806,611	$ 102,911,758	$ 103,896,139
Total operating expenses	(104,546,098)	(95,018,138)	(93,751,455)
Operating income	**260,513**	**7,893,620**	**10,144,684**
Nonoperating (expenses) revenues:			
Interest on bonds and other obligations	(3,312,809)	(3,155,449)	(2,687,224)
Miscellaneous revenue	3,628,633	3,347,832	2,616,813
Miscellaneous expense	(820,951)	(90,035)	(118,851)
Nonoperating (expenses) revenues	(505,127)	102,348	(189,262)
(Loss) Income before capital grants and contributions and income from special-purpose restricted funds	(244,614)	7,995,968	9,955,422
Capital grants and contributions	407,050	1,832,879	205,270
Income from special-purpose restricted funds	524,661	475,284	239,537
Change in net position	**687,097**	**10,304,131**	**10,400,229**
Net position, beginning of year	**124,230,130**	**113,925,999**	**104,913,519**
Net position, end of year	**$ 124,917,227**	**$ 124,230,130**	**$ 115,313,748**

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2018 and 2017

The Authority's total assets and liabilities were $255,257,357 and $132,854,780, respectively, as of December 31, 2018, as compared to $244,002,238 and $123,065,289, respectively, at December 31, 2017. The Authority's deferred outflows of resources were $4,841,472 and $4,204,187, for the years ended December 31, 2018 and 2017, respectively. The Authority's deferred inflows of resources were $2,326,822 and $911,006, for the years ended December 31, 2018 and 2017, respectively. The net position as of December 31, 2018, was $124,917,227, a 0.6% increase from the prior fiscal year-end.

The increase in total net position was $687,097 for the year ended December 31, 2018, down $9,617,034 from the $10,304,131 increase in total net position posted in 2017 due to the increase in operating expenses. Income before capital grants and contributions and income from special-purpose restricted funds in 2018 decreased $8,240,582, or 103.1%, compared to the prior year.

The decrease in income before capital grants and contributions and income from special-purpose restricted funds was attributed to a $1,894,853, or 1.8% increase in the Authority's total operating revenues and a $9,527,960, or 10.0% increase in the Authority's total operating expenses. Total nonoperating revenue decreased by $607,475. These changes are discussed in greater detail in the following sections.

During 2018, the Steamship Authority was awarded grants under the Port Security Program. These awards are recorded under the heading Capital Grants and Contributions in the Statements of Revenues, Expenses and Changes in Net Position.

Operating Revenues

The Steamship Authority's total operating revenues in 2018 were $104,806,611. Total operating revenues increased by $1,894,853 or 1.8% for the year ended December 31, 2018.

The number of passengers carried decreased by 3,702 or 0.1% in 2018 from 2017. Ridership on the conventional service decreased by 44,078 riders or 1.6%, while passenger traffic carried on the *M/V Iyanough* increased by 40,376 passengers or 13.3% for the year as compared to 2017. In addition, the average revenue per passenger increased from $10.31 in 2017 to $10.68 in 2018, due mostly to the increase in riders on the high-speed service. Total passenger revenues in 2018 were $32,640,122, an increase of 3.5% versus the previous year.

The number of automobiles carried increased by 1,622 or 0.3% in 2018 versus 2017. The average revenue per automobile increased from $61.93 in 2017 to $62.05 in 2018, due in part to a change in the mix of automobiles carried on the Martha's Vineyard and Nantucket routes as well as the increase in ridership during the on season. Total automobile revenues in 2018 were $29,970,953, an increase of 0.5% versus the previous year.

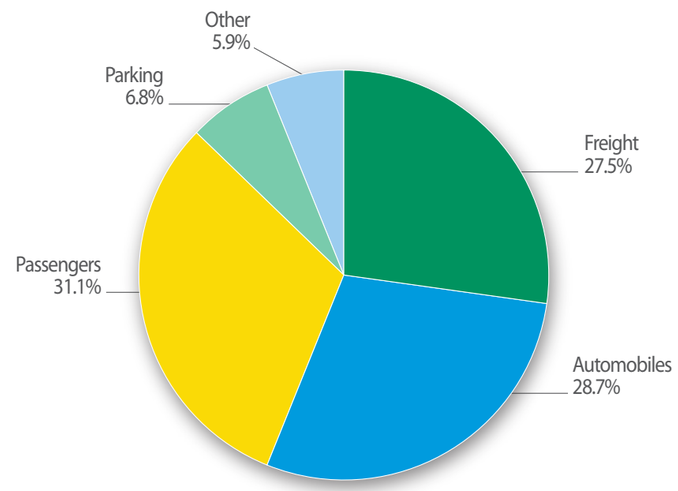
The number of trucks carried increased by 1,169 or 0.6% in 2018 from 2017 traffic levels. The average revenue per truck increased from $149.15 in 2017 to $151.43 during 2018, due in part to an overall increase in trucks carried to Nantucket and Martha's Vineyard as well as the increase in ridership of the larger trucks. Total freight revenues in 2018 were $28,855,758, an increase of 2.2% versus the previous year.

FINANCIAL ANALYSIS … continued
Operating Revenues … continued

Parking revenue in 2018 decreased by $32,742 from 2017, primarily as a result of a decrease in cars parked at the Falmouth area lots. The total number of cars parked decreased by 2,323 or 1.3% versus 2017. Total parking revenues in 2018 were $7,116,373, a decrease of 0.5% versus the previous year.

Other miscellaneous operating revenues increased by $49,099 or 0.8% in 2018, primarily due to increases in dockage fees and miscellaneous driver service charges.

The major sources of operating revenues for the year ended December 31, 2018, were as follows:



FINANCIAL ANALYSIS … continued

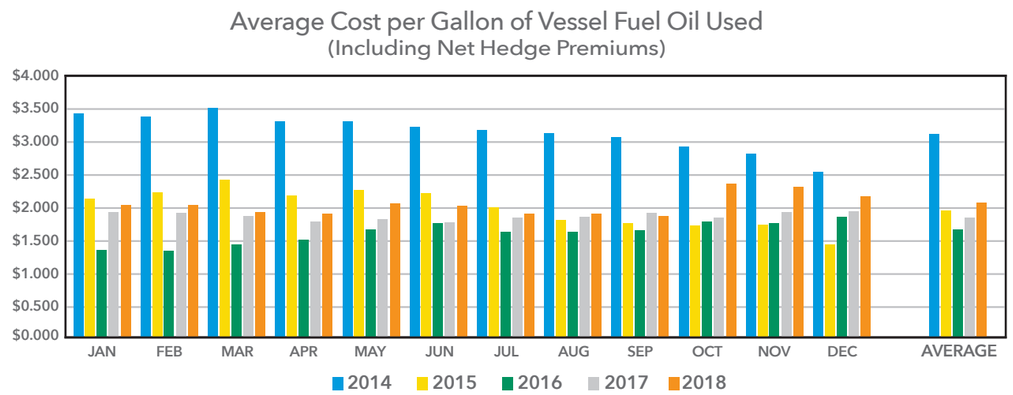
Operating Expenses

The Authority's total operating expenses in 2018 were $104,546,098; in 2017, total operating expenses were $95,018,138. Total operating expenses in 2018 were $9,527,960, or 10.0% higher than the previous year. Decreases in operating rents were offset by higher wages and benefits, vessel fuel oil costs, depreciation expense, maintenance expense, utilities, and other expense, compared to the prior year.

Maintenance expense increased in 2018 versus 2017 by $4,319,737, or 27.4%. The increase was primarily attributable to vessel dry-dock expense increases of $1,503,390; increases in vessel overhaul expenses of $1,016,824; increases in engine parts and engine repair expense of $84,175; life raft renewal increases of $54,695; dolphin and dock repairs expense increases of $858,918; and increases in hardware and software maintenance of $462,707.

Depreciation and amortization expense increased in 2018 versus 2017 by $627,403 or 5.8%. The increase is attributable to the addition of a full year of depreciation for the Woods Hole Temporary Terminal Building and a partial year for the *M/V Martha's Vineyard* Midlife Refurbishment and the General Administration building.

Vessel operating expenses increased by $1,574,828 or 7.1% versus 2017 expenses. Vessel payroll expense in 2018 increased by $680,883 or 4.5% versus 2017 payroll expense. Vessel fuel oil expense of $6,493,059 was $703,449 or 12.2% higher in 2018 than in 2017. The average cost per gallon of fuel used operating, including hedge costs, in 2018 was $2.052, which represents an increase of 8.8% over the average cost per gallon of fuel used operating in 2017 of $1.886. In 2018, the Steamship Authority's vessels consumed approximately 3,165,000 gallons of fuel, an increase of 3.1% versus 2017.



During 2018, the Authority operated 23,997 vessel trips, which represented an increase of 1,154 trips, or 5.1% versus 2017.

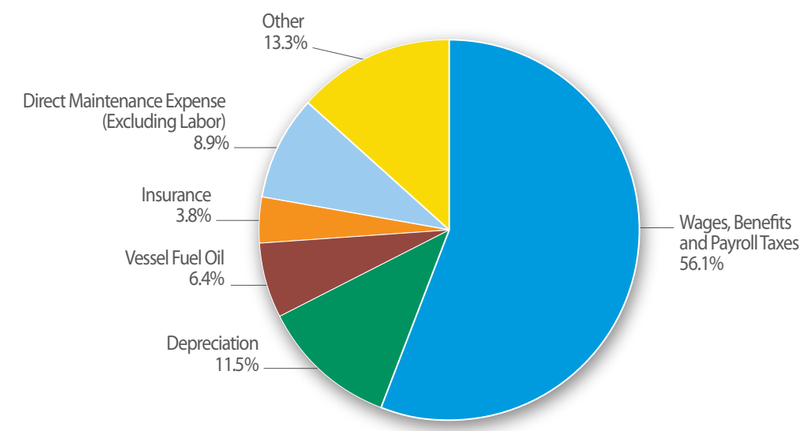
Financial Analysis … continued
Operating Expenses … continued

Expenses related to Terminal Operations increased in 2018 versus 2017 by $653,254 or 5.5%. This increase was primarily attributed to a 4.2% or $411,428 increase in payroll costs and a $185,653 or 33.9% increase in police services.

Expenses to operate Reservations and Customer Service decreased in 2018 versus 2017 by $44,631 or 1.5%. This decrease was attributed to lower payroll expense of $36,971 or 2.6%; lower traffic expense of $33,811 or 16.0%, offsetting an increase in advertising expense of $30,609 or 2.4%.

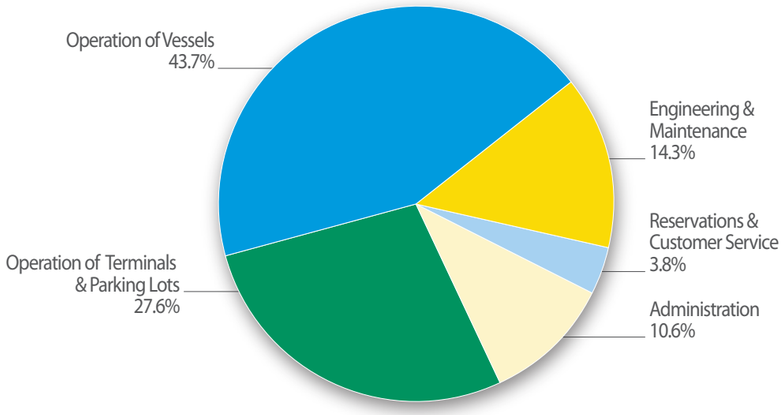
General and administrative expense in 2018 increased by $2,397,369 or 7.7% versus 2017. In 2018, administration payroll expense increased by $239,916 or 6.6% versus 2017. Overall pension expense increased by $360,397 or 4.3% versus 2017. Health care costs, principally for the self-funded groups, increased by $827,196 or 10.9%; unemployment contributions increased by $237,071 or 35.9%; long term disability expense increased by $30,801 or 5.3%; while credit card processing expenses increased by $47,377 or 2.4% versus the prior year.

The major sources of operating expenses for the year ended December 31, 2018, were as follows:



Financial Analysis … continued
Operating Expenses … continued

53.9% of the Authority's operating expenses in 2018 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2018 was distributed to the following functions:



Nonoperating Revenues (Expenses)

The Authority's total nonoperating expenses in 2018 were $505,127 which was an increase of $607,475 over the total nonoperating revenues of $102,348 in 2017. Expenses for interest on bonds and other obligations of $3,312,809 in 2018 was an increase of $157,360 over the $3,155,449 in 2017. Miscellaneous revenue of $3,628,633 in 2018 increased by $280,801 over 2017, due mostly to an increase in license income, while miscellaneous expenses in 2018 increased by $730,916 as compared to 2017 primarily as a result of the loss associated with the write-off of assets associated with the Woods Hole terminal project.

Financial Analysis … continued

Comparison of Financial Condition at December 31, 2017 and 2016

The Authority's total assets and liabilities were $244,002,238 and $121,677,540, respectively, as of December 31, 2017, as compared to $226,410,384 and $114,811,735, respectively, at December 31, 2016. The Authority's deferred outflows of resources were $4,204,187 and $4,953,909, for the years ended December 31, 2017 and 2016, respectively. The Authority's deferred inflows of resources were $911,006 and $1,238,810, for the years ended December 31, 2017 and 2016, respectively. The net position as of December 31, 2017, was $124,230,130, a 7.7% increase from the prior fiscal year-end.

The increase in total net position was $10,304,131 for the year ended December 31, 2017, down $96,098 from the $10,400,229 increase in total net position posted in 2016. Income before capital grants and contributions and income from special-purpose restricted funds in 2017 decreased $571,705, or 6.7%, compared to the prior year.

The decrease in income before capital grants and contributions and income from special-purpose restricted funds was attributed to a $984,381, or 0.9% decrease in the Authority's total operating revenues and a $1,266,683, or 13.5% increase in the Authority's total operating expenses. Total nonoperating revenue increased by $291,610. These changes are discussed in greater detail in the following sections.

During 2017, the Steamship Authority was awarded grants under the Port Security Program and from the Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program. The Steamship Authority also entered into a memorandum of understanding with the Cape Cod Regional Transit Authority (CCRTA) through which the CCRTA has agreed to contribute funds from the Federal Transit Administration's Urbanized Area Formula Grant Funds to the Steamship Authority. These awards are recorded under the heading Capital Grants and Contributions in the Statements of Revenues, Expenses and Changes in Net Position.

Operating Revenues

The Steamship Authority's total operating revenues in 2017 were $102,911,758. Total operating revenues decreased by $984,381 or 0.9% for the year ended December 31, 2017.

The number of passengers carried decreased by 68,255 or 2.2% in 2017 from 2016. Ridership on the conventional service decreased by 17,247 riders or 0.6%, while passenger traffic carried on the *M/V Iyanough* decreased by 51,008 passengers or 14.4% for the year as compared to 2016. In addition, the average revenue per passenger decreased from $10.63 in 2016 to $10.31 in 2017, due mostly to the proportionally sharper decrease in riders on the fast ferry service. Total passenger revenues in 2017 were $31,527,306, a decrease of 5.1% versus the previous year.

The number of automobiles carried decreased by 1,274 or 0.3% in 2017 versus 2016. The average revenue per automobile decreased from $62.53 in 2016 to $61.93 in 2017, due in part to a change in the mix of automobiles carried on the Martha's Vineyard and Nantucket routes as well as the increase in ridership during the off season. Total automobile revenues in 2017 were $29,814,553, a decrease of 1.2% versus the previous year.

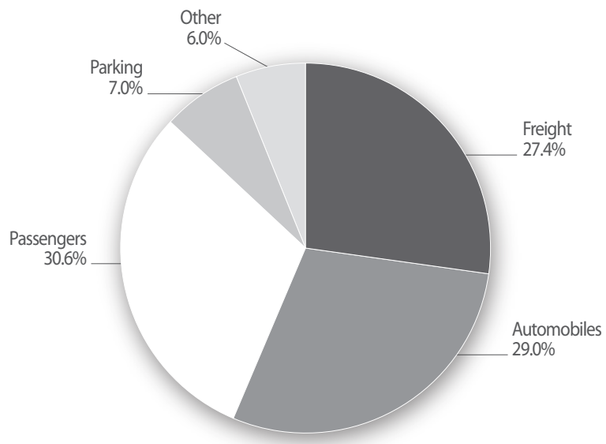
The number of trucks carried increased by 1,985 or 1.1% in 2017 from 2016 traffic levels. The average revenue per truck increased from $149.09 in 2016 to $153.44 during 2017, due in part to an overall increase in trucks carried to Nantucket and Martha's Vineyard as well as the increase in ridership during the off season. Total freight revenues in 2017 were $28,246,478, an increase of 4.0% versus the previous year.

FINANCIAL ANALYSIS … continued
Operating Revenues … continued

Parking revenue in 2017 decreased by $248,939 from 2016, primarily as a result of a decrease in cars parked at the Hyannis area lots. The total number of cars parked decreased by 5,944 or 3.1% versus 2016. Total parking revenues in 2017 were $7,149,115, a decrease of 3.4% versus the previous year.

Other miscellaneous operating revenues increased by $731,019 or 27.9% in 2017, primarily due to increases in cancellation penalties and miscellaneous driver service charges.

The major sources of operating revenues for the year ended December 31, 2017, were as follows:



FINANCIAL ANALYSIS … continued

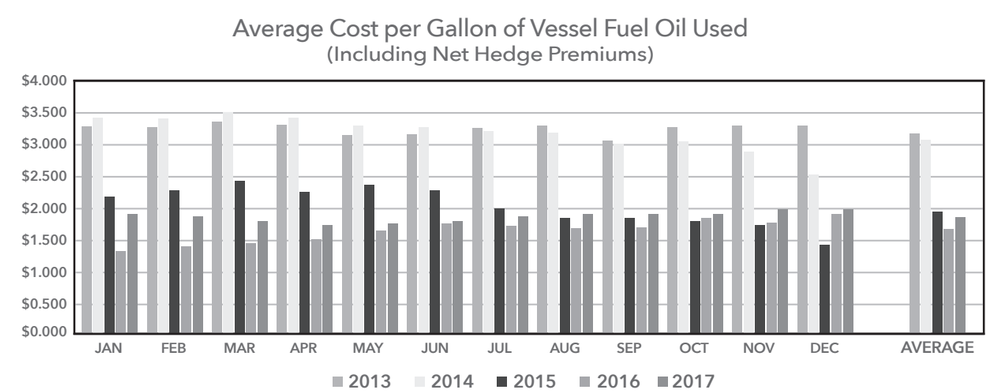
Operating Expenses

The Authority's total operating expenses in 2017 were $95,018,138; in 2016, total operating expenses were $93,751,455. Total operating expenses in 2017 were $1,266,683, or 13.5% higher than the previous year. Decreases in maintenance expense were offset by higher wages and benefits, in particular the adoption of GASB 75, vessel fuel oil costs, depreciation expense, rents, utilities, and other expense, compared to the prior year.

Maintenance expense decreased in 2017 versus 2016 by $3,108,513, or 16.5%. The decrease was primarily attributable to vessel dry-dock expense decreases of $1,128,232; decreases in dolphin and dock work of $1,167,543; life raft renewal decreases of $373,334; and engine parts and engine repairs expense decreases of $552,336.

Depreciation and amortization expense increased in 2017 versus 2016 by $165,673 or 1.5%. The increase is attributable to the addition of a full year of depreciation for the *M/V Woods Hole*.

Vessel operating expenses increased by $1,273,310 or 6.1% versus 2016 expenses. Vessel payroll expense in 2017 increased by $373,879 or 2.5% versus 2016 payroll expense. Vessel fuel oil expense of $5,789,610 was $822,143 or 16.6% higher in 2017 than in 2016. The average cost per gallon of fuel used operating, including hedge costs, in 2017 was $1.886, which represents an increase of 13.9% over the average cost per gallon of fuel used operating in 2016 of $1.661. In 2017, the Steamship Authority's vessels consumed approximately 3,067,000 gallons of fuel, an increase of 2.5% versus 2016.



During 2017, the Authority operated 22,843 vessel trips, which represented an increase of 140 trips, or 0.6% versus 2016.

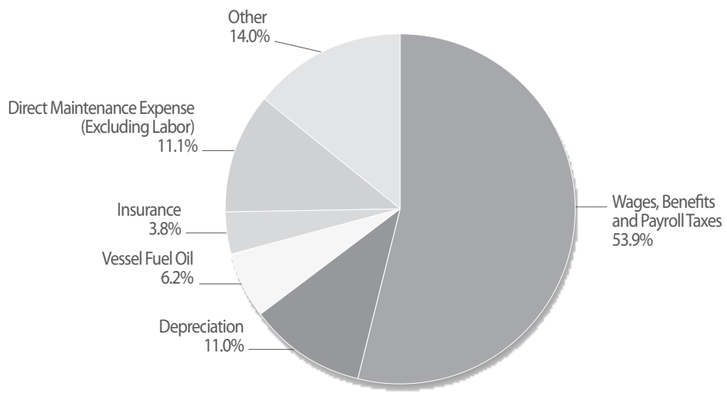
FINANCIAL ANALYSIS … continued
Operating Expenses … continued

Expenses related to Terminal Operations increased in 2017 versus 2016 by $755,289 or 6.7%. This increase was primarily attributed to a 7.5% or $679,000 increase in payroll costs.

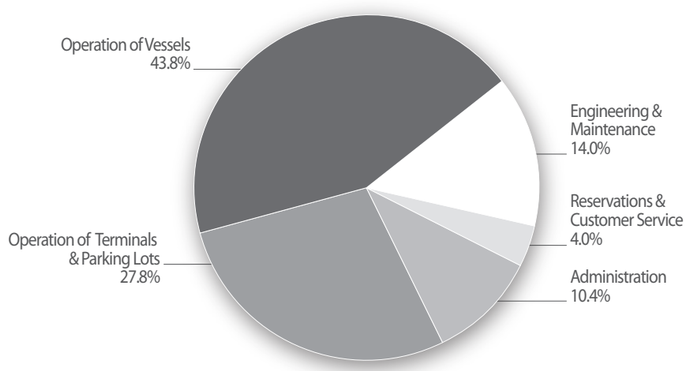
Expenses to operate Reservations and Customer Service decreased in 2017 versus 2016 by $119,695 or 3.8%. This decrease was attributed to lower advertising expense of $81,000 or 6.0% and lower payroll expense of $16,000 or 1.1%.

General expense in 2017 increased by $2,300,619 or 7.9% versus 2016. In 2017, administration payroll expense increased by $378,000 or 11.6% versus 2016. Overall pension expense increased by $510,000 or 7.8% versus 2016. Health care costs, principally for the vessel groups, increased by $612,000 or 8.7%; unemployment contributions decreased by $34,000 or 4.9%; long term disability expense increased by $51,000 or 9.7%; while credit card processing expenses increased by $2,000 versus the prior year.

The major sources of operating expenses for the year ended December 31, 2017, were as follows:



56.1% of the Authority's operating expenses in 2017 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2017 was distributed to the following functions:



FINANCIAL ANALYSIS … continued

Nonoperating Revenues (Expenses)

The Authority's total nonoperating revenue in 2017 was $102,348 which was an increase of $291,610 over the total nonoperating expense of $189,262 in 2016. Expenses for interest on bonds and other obligations of $3,155,449 in 2017 was an increase of $468,225 over the $2,687,224 in 2016. Miscellaneous revenue of $3,347,832 in 2017 increased by $731,019 over 2016, due mostly to an increase in license income, while miscellaneous expenses in 2017 decreased by $28,816 as compared to 2016.

Special-Purpose Restricted Funds and Fund Transfers in 2018

The Authority's Enabling Act requires revenue derived from its operation to be set aside each month in a specific order and in amounts as follows:

(1) to the Sinking Fund, an amount sufficient to provide for the payment of the interest on and for the amortization and payment of the principal of all bonds as the same shall become due and payable;

(2) to the Bond Redemption Fund, all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued;

(3) to the Property Replacement Fund, such amount as the Authority may deem necessary or advisable for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);

(4) to the Reserve Fund, an amount sufficient to maintain the fund at a level equal to the greater of 5% of the principal amount of all bonds outstanding, exclusive of bonds considered as defeased, or $600,000, whichever is greater; and

(5) to the Operations Fund, an amount sufficient to pay the cost of maintenance, repair and operation of the Steamship Line for the current month and the next ensuing month, and to maintain working capital for such purposes in an amount not to exceed one thirty-sixth of the operating budget for the then-current fiscal year.

The Authority's Sinking Fund balance at December 31, 2018, was $9,046,734, including income from investments of $139,574 during 2018. The Authority's cash flow during 2018 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of $1,449,200 on September 1, 2018, and to provide for the payment of bond interest and principal due on March 1, 2019, in the amount of $1,833,881 and $7,145,000, respectively.

At December 31, 2018, the Property Replacement Fund balance was $13,424,061, including income earned from investments of $185,907 during 2018. In addition, during 2018, $14,000,000 was transferred from the Bond Redemption Fund to the Property Replacement Fund.

FINANCIAL ANALYSIS … continued
Special-Purpose Restricted Funds and Fund Transfers in 2018 … continued

In addition, $6,998,388 was transferred from the Operations Fund to the Property Replacement Fund, a decrease of $3,691,365 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2018, totaling $17,443,749, comprised the following:

M/V Martha's Vineyard Midlife Refurbishment	$ 8,485,407
Woods Hole Terminal Marine Construction	2,084,659
Construction of New Administration Building	1,398,203
Passenger Ticketing & Access Control	1,141,184
M/V Governor Generator Replacement	953,715
M/V Island Home Bow Thruster Motor Replacement	852,567
Shuttle buses (4), maintenance vehicles (3)	771,248
Accounting System Replacement	733,225
Server Replacements	558,968
Woods Hole Temporary Terminal Building	297,881
M/V Woods Hole Capstan	83,346
M/V Island Home Capstan	83,346

The Authority's Reserve Fund balance at December 31, 2018, was $3,637,813, including income from investments of $74,827 during 2018.

The Authority's Capital Improvement Fund balance as of December 31, 2018, was $8,468,242, including income from investments of $104,227 and proceeds from the 2018 Series A bond issue of $18,105,001. During 2018, disbursements from the Capital Improvement Fund totaled $12,101,776. Fund disbursements in 2018 were for the Woods Hole terminal marine construction totaling $9,935,827; and for the construction of the General Administration building in Falmouth totaling $2,165,950. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was $853,594 at December 31, 2018, including income from investments of $159,699 during 2018. During 2018, $14,000,000 was transferred from the Bond Redemption Fund to the Property Replacement Fund.

Investment income from the special-purpose restricted funds amounted to $524,661 during 2018, excluding income from investments in the Sinking Fund of $136,574.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2018, amounted to $199,672,741, net of accumulated depreciation. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements, and construction projects in progress. During 2018, the Authority invested $4,070,238 in various capital assets and an additional $24,850,212 was invested in construction projects in progress. Capital asset additions were funded through the Authority's operations funds and special-purpose restricted funds.

More detailed information regarding the Authority's capital assets activities for 2018 can be found in the notes to the financial statements (Note 2).

CAPITAL ASSETS AND DEBT ADMINISTRATION … continued

Debt Administration

The Authority is currently authorized under the provisions of the Enabling Act, as amended, to issue bonds in an amount not to exceed $100,000,000 outstanding at any one time. The Authority's Enabling Act further provides that if at any time any principal or interest is due or about to become due on the Authority's bonds and the funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth of Massachusetts (the Commonwealth) shall pay over to the Authority the amount so certified. In the opinion of the Authority's bond counsel, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. The Commonwealth has never been called upon to make payments to the Authority to meet such obligations under the provisions of the Enabling Act.

The Authority made scheduled principal payments of $6,885,000 during 2018. Also, in August of 2018, the Authority received $18,105,001 of net proceeds from its 2018 Series A bond issuance, with a principal amount of $15,915,000 and a premium of $2,220,192. In 2017, the Authority made scheduled principal payments of $5,805,000. The total amount of bonds outstanding, net of unamortized premiums of $8,870,748, was $80,595,000 as of December 31, 2018.

More detailed information regarding the Authority's debt administration activities for 2018 can be found in the notes to the financial statements (Note 3).

ECONOMIC FACTORS

The Authority's traffic statistics for the past five years are as follows:

	2014	2015	2016	2017	2018
Passengers	2,893,851	3,023,090	3,127,304	3,059,049	3,055,347
Automobiles	457,682	465,297	482,699	481,425	483,047
Trucks	166,577	172,861	182,099	189,388	190,557
Cars parked	172,499	183,526	190,026	184,084	181,761
Trips made	22,107	22,437	22,703	22,843	23,997
Nautical Miles	327,292	333,034	337,560	335,622	353,918

Demand for the Authority's services is mainly affected by the overall economic activity on Martha's Vineyard and Nantucket, both seasonally and year-round. The economic activity is a reflection of the overall construction on the islands and other factors, such as weather-related conditions, capacity constraints, and operational limitations, which can also have an impact on the Authority's annual ridership volumes.

REQUESTS FOR INFORMATION

This report is intended to provide an overview of the Authority's financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Authority's Treasurer/Comptroller, 228 Palmer Avenue, Falmouth, MA 02540.

Statements of Net Position
December 31, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,079,516	$ 14,555,464
Receivables, net	2,131,292	1,665,741
Grants receivable	217,487	1,828,512
Inventories	570,205	632,680
Prepaid insurance and other	3,648,826	3,014,767
Prepaid fuel hedge	506,846	459,621
TOTAL CURRENT ASSETS	**20,154,172**	22,156,785
SPECIAL-PURPOSE RESTRICTED FUNDS:		
Cash and cash equivalents:		
Sinking fund:		
Current bond maturities and interest	9,046,734	8,510,755
Redemption of bonds	853,594	14,693,895
Property replacement fund	13,424,061	9,683,515
Reserve fund	3,637,813	3,562,986
Capital improvement fund	8,468,242	2,360,790
TOTAL SPECIAL-PURPOSE RESTRICTED FUNDS	**35,430,444**	38,811,941
CAPITAL ASSETS:		
Vessels	161,550,147	159,778,596
Terminal buildings and equipment	112,386,801	111,022,213
Land and land improvements	28,591,269	28,591,269
Construction in progress	56,108,085	34,162,905
Less - accumulated depreciation	(158,963,561)	(150,521,471)
TOTAL CAPITAL ASSETS, NET	**199,672,741**	183,033,512
TOTAL ASSETS	**255,257,357**	244,002,238
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflow on pensions	4,841,472	4,204,187
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**4,841,472**	4,204,187
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 260,098,829**	$ 248,206,425

See notes to financial statements.

Statements of Net Position
December 31, 2018 and 2017

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2018	2017 (AS RESTATED)
CURRENT LIABILITIES:		
Accounts payable	$ 4,873,785	$ 5,011,255
Accrued wages, vacation pay and expenses	4,377,872	4,355,835
Unearned revenue	4,761,314	4,411,557
Pension withdrawal obligation	519,681	500,284
TOTAL CURRENT LIABILITIES	**14,532,652**	14,278,931
LIABILITIES PAYABLE FROM SPECIAL-PURPOSE RESTRICTED FUNDS:		
Accrued interest on Steamship Bonds	1,236,097	1,070,583
Current portion of long-term debt	7,145,000	6,885,000
TOTAL LIABILITIES PAYABLE FROM SPECIAL-PURPOSE RESTRICTED FUNDS	**8,381,097**	7,955,583
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	82,320,748	72,503,671
Net pension liabilities	12,967,686	12,975,052
Other postemployment benefits	2,328,945	2,508,718
Pension withdrawal obligations	12,323,652	12,843,334
TOTAL NONCURRENT LIABILITIES	**109,941,031**	100,830,775
TOTAL LIABILITIES	**132,854,780**	123,065,289
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflow gain from advance refunding	211,336	305,263
Deferred inflow on pensions	1,940,865	605,743
Deferred inflow on OPEB	174,621	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**2,326,822**	911,006
NET POSITION:		
Net investment in capital assets	118,463,899	105,700,370
Restricted	25,726,106	35,380,566
Unrestricted deficit	(19,272,778)	(16,850,806)
TOTAL NET POSITION	**124,917,227**	124,230,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 260,098,829**	$ 248,206,425

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

	2018	2017 (AS RESTATED)
OPERATING REVENUES:		
Passenger	$ 32,640,122	$ 31,527,306
Automobile	29,970,953	29,814,553
Freight	28,855,758	28,246,478
Parking	7,116,373	7,149,115
Other	6,223,405	6,174,306
TOTAL OPERATING REVENUES	**104,806,611**	102,911,758
OPERATING EXPENSES:		
Operation of vessels	23,709,441	22,134,613
Operation of terminals and parking lots	12,615,843	11,962,589
Maintenance	20,091,481	15,771,744
Reservations, advertising, and other traffic	3,002,139	3,046,770
Depreciation and amortization	11,482,830	10,855,427
General and administrative	33,644,364	31,246,995
TOTAL OPERATING EXPENSES	**104,546,098**	95,018,138
OPERATING INCOME	**260,513**	7,893,620
NONOPERATING REVENUES (EXPENSES):		
Interest on bonds and other obligations	(3,312,809)	(3,155,449)
Miscellaneous revenue	3,628,633	3,347,832
Miscellaneous expense	(820,951)	(90,035)
TOTAL NONOPERATING REVENUES (EXPENSES)	**(505,127)**	102,348
(Loss) income before capital grants and contributions and income from special-purpose restricted funds	(244,614)	7,995,968
Capital grants and contributions	407,050	1,832,879
Income from special-purpose restricted funds	524,661	475,284
CHANGE IN NET POSITION	**687,097**	10,304,131
NET POSITION, Beginning of year	**124,230,130**	113,925,999
NET POSITION, End of year	**$ 124,917,227**	$ 124,230,130

See notes to financial statements.

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments from customers	$ 104,773,199	$ 102,895,591
Payments to employees for services	(36,511,567)	(35,198,465)
Payments to suppliers and contractors	(56,079,618)	(48,795,510)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**12,182,014**	18,901,616
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Principal payments on withdrawal obligations	(500,284)	(481,611)
Receipts from other funds and license activities	1,362,156	2,152,575
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**861,872**	1,670,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on Steamship Bonds	(6,885,000)	(5,805,000)
Proceeds from capital debt	18,135,192	12,792,428
Interest paid	(2,647,580)	(2,526,637)
Interest paid on withdrawal liability	(499,716)	(518,389)
Proceeds from sales of capital assets	798,848	54,197
Capital expenditures	(29,436,412)	(29,268,532)
Capital grant received	2,018,075	347,567
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	**(18,516,593)**	(24,924,366)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	90,601	57,614
Interest from special-purpose restricted funds	524,661	475,284
NET CASH PROVIDED BY INVESTING ACTIVITIES	**615,262**	532,898
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,857,445)**	(3,818,888)
CASH AND CASH EQUIVALENTS, Beginning of year	**53,367,405**	57,186,293
CASH AND CASH EQUIVALENTS, End of year	**$ 48,509,960**	$ 53,367,405
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 260,513	$ 7,893,620
Depreciation and amortization	11,482,829	10,855,427
Changes in assets and liabilities:		
Receivables	(378,119)	(310,569)
Inventories	62,474	(67,360)
Prepaid insurance and other and prepaid fuel hedge	(681,284)	(463,993)
Accounts payable	378,488	(265,573)
Accrued wages, vacation pay, and expenses	22,037	81,033
Other postemployment benefits	(5,152)	57,702
Net pension obligations	690,471	826,503
Unearned revenue	349,757	294,826
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 12,182,014**	$ 18,901,616

Supplemental disclosure of noncash transactions:

At December 31, 2018 and 2017, the Authority had capital expenditures in the amount of $1,129,356 and $1,645,314, respectively, that were included in accounts payable.

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority) is a public instrumentality created by the legislature of the Commonwealth of Massachusetts under Chapter 701 of the Acts of 1960, as amended (the Act). The Authority has no stockholders or equity holders.

Measurement Focus, Basis of Accounting, and Financial Reporting Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) codification section 2100, is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose governmental entity engaged only in business-type activities.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized at the time transportation, parking, and other services are provided. Unearned revenue represents cash received in advance of future service.

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the Statements of Net Position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the Statements of Net Position.

The Authority has the following items that qualify for reporting as deferred outflows of resources or deferred inflows of resources:

- For current refundings, resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. The Authority reports its gain or loss on advance refundings within these categories.
- For amounts not recognized in pension expense due to difference between the measurement date and the fiscal year end date are noted as deferred inflows and/or outflows from pensions.

Net Position

Net position represents the residual interest in the Authority's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources and consists of: (1) net investment in capital assets, (2) amounts restricted, and (3) amounts that are unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation, deferred inflow due to advance refunding, and by any outstanding debt incurred to acquire, construct or improve those assets. Net position is reported as restricted when there are third party limitations (statutory, contractual or bond covenant) on its use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

Transfers and Use of Funds

The Act and the provisions of the Bond Resolutions with the Authority's bondholders, discussed in more detail in Note 5, govern the disposition of revenue and prescribe certain accounting practices of the Authority, which include the conditions for transfers between the various accounts and the use of such funds. The Act was amended in 1985 to increase the maximum amount of funds allowed in the Operations Fund and Reserve Fund.

Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits and cash equivalents, which are short-term, highly liquid securities with readily determinable market values. For purposes of the accompanying statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

The Authority's investments are reported at fair value using quoted market price or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses and changes in net position. As discussed in Note 5, the Authority's investments in 2018 and 2017 qualified to be reported as cash equivalents as the Authority participates in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes. Accordingly, the Authority reports no investments at December 31, 2018 or 2017.

Inventories

Inventories of materials and supplies are stated at cost on a first-in, first-out basis.

Capital Assets

Vessels, terminal property, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the related assets. The Authority's capitalization threshold for a single item is $5,000 or $10,000 for a group of items. The estimated service lives are as follows:

Vessels	10–30 years
Buildings and structures:	
Buildings and wharves	30 years
Sheds, fences and pavement	10–20 years
Office and terminal equipment:	
Computer equipment	3–5 years
Other	10 years
Motor vehicles	5 years
Leasehold improvements	Shorter of remaining term of lease or estimated useful life

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued
Capital Assets … continued

The Authority capitalizes interest costs incurred in the construction of certain qualifying assets. For the years ended December 31, 2018 and 2017, the Authority incurred interest expense from operations of $3,312,809 and $3,155,449, respectively. Capitalized interest was $350,270 and $419,859 in 2018 and 2017, respectively.

Impairments

The Authority assesses the carrying value of property whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. The Authority recognizes impairment losses to the extent the carrying amount exceeds the fair value of the property. The Authority did not record any impairment charges related to its property as of December 31, 2018 and 2017 as there were no indicators of impairment.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority fully reserves for all receivables greater than 90 days. The allowance for doubtful accounts was $50,781 and $50,000 as of December 31, 2018 and 2017.

Unamortized Bond Premiums and Discounts

Discounts of bonds and premiums on bonds are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the effective interest method of amortization.

Risk Financing and Related Insurance Issues

The Authority is self-insured with respect to medical benefits provided to certain employees and retirees. With respect to these medical benefits, the Authority purchases stop-loss insurance, which covers all incurred claims in excess of approximately $2,475,000 in the aggregate; up to a maximum aggregate benefit payment of $1,000,000 per person per year. The Authority purchases commercial insurance to cover all other risks of loss. During the current and previous three years, there have been no settlements in excess of insurance coverage maintained by the Authority.

Accrued Sick Leave and Vacation

Employees are granted sick leave and vacation in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave and vacation (subject to certain limitations) at their then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statement of revenues, expenses and changes in net position. Operating revenues consist of those revenues earned from customers for passage of vehicles and passengers, from parking operations and ancillary activities such as concessions and driver services.

Operating expenses relate to the cost of providing those services and also include administration expenses and depreciation of capital assets. All other revenues and expenses that are not a direct result of the Authority's functions are considered nonoperating. Examples of nonoperating items include investment earnings, interest expense, gains and losses on the disposal of capital assets and licensing fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued

Unearned Revenue

Unearned revenue consists primarily of fares received from customers for future reservations. Such amounts are recognized as revenue in subsequent periods as they are earned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant use of estimates includes assumptions related to the valuation of the OPEB and pension plans, the accrual for claims to be submitted under the Authority's self-funded health insurance, and the allowance for uncollectible accounts.

Adoption of New Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The Authority implemented this standard during fiscal year 2018 and the disclosures related to this statement can be found in the required supplementary information.

The Authority implemented GASB 75 during fiscal year 2018. The adoption of this standard results in the Authority reporting a net OPEB liability of $1,387,749 retroactive to January 1, 2017. This change in an accounting principle had the following effects on the Authority's financial statements:

- the recording of the net OPEB liability (unfunded Postemployment Benefits Other than Pension obligation)
- an actuarially determined health and welfare expense and deferred inflows of resources
- significant new note disclosures and new required supplementary information data
- restatement of the beginning net position with an adjustment for the cumulative effect of this change in accounting principle of $1,387,749

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES … continued
Adoption of New Accounting Pronouncements … continued

The Authority's Net Position as of January 1, 2017 and the Authority's Statements of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2017 have been restated to reflect the required adjustments, as follows:

	NET POSITION, BEGINNING OF YEAR	OPEB LIABILITY	DEFERRED OUTFLOWS	DEFERRED INFLOWS
As of January 1, 2017 Balance, as previously reported	$ 125,617,879	$ 1,120,969	$ -	$ -
Adjustment due to implementation of GASB Statement No. 75	(1,387,749)	1,387,749	-	-
As of December 31, 2017 Balance, as restated	$ 124,230,130	$ 2,508,718	$ -	-

In March 2017, the GASB issued GASB Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Authority implemented this standard during fiscal year 2018. The implementation of GASB Statement No. 85 did not have a material impact on the Authority's financial statements.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources–resources other than the proceeds of refunding debt–are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Authority implemented this standard during fiscal year 2018. The implementation of GASB Statement No. 86 did not have a material impact on the Authority's financial statements.

The GASB has issued the following statements, which require adoption subsequent to December 31, 2018, and are applicable to the Authority. The Authority has not yet adopted these statements, and the implications on the fiscal practices and financial reports are being evaluated.

GASB STATEMENT NO.		ADOPTION REQUIRED IN FISCAL YEAR
83	*Certain Asset Retirement Obligations*	2019
84	*Fiduciary Activities*	2019
87	*Leases*	2020
88	*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*	2019
89	*Accounting for Interest Cost Incurred before the End of a Construction Period*	2020
90	*Majority Equity Interests–an amendment of GASB Statements No. 14 and No. 61*	2019

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets, not being depreciated:				
Land	$ 27,112,044	$ -	$ -	$ 27,112,044
Construction in progress	34,162,905	24,850,214	(2,905,035)	56,108,084
Total capital assets, not being depreciated	61,274,949	24,850,214	(2,905,035)	83,220,128
Capital assets, being depreciated:				
Vessels	159,778,596	2,139,666	(368,115)	161,550,147
Buildings and structures	92,709,439	-	(478,824)	92,230,615
Office and terminal equipment	13,692,581	1,159,324	39,841	14,891,746
Motor vehicles	4,620,194	771,248	(127,002)	5,264,440
Leasehold improvements	1,479,225	-	-	1,479,225
Total capital assets, being depreciated	272,280,035	4,070,238	(934,100)	275,416,173
Less accumulated depreciation for:				
Vessels	(87,589,294)	(5,719,254)	-	(93,308,548)
Buildings and structures	(47,704,510)	(4,132,987)	2,808,027	(49,029,470)
Office and terminal equipment	(11,037,996)	(1,004,421)	-	(12,042,417)
Motor vehicles	(2,710,446)	(419,101)	25,647	(3,103,900)
Leasehold improvements	(1,479,225)	-	-	(1,479,225)
Total accumulated depreciation	(150,521,471)	(11,275,763)	2,833,674	(158,963,560)
Total capital assets, being depreciated, net	121,758,564	(7,205,525)	1,899,574	116,452,613
Total capital assets, net	**$ 183,033,513**	**$ 17,644,689**	**$ (1,005,461)**	**$ 199,672,741**

Capital asset activity for the year ended December 31, 2017, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets, not being depreciated:				
Land	$ 27,112,044	$ -	$ -	$ 27,112,044
Construction in progress	47,210,079	28,811,892	(41,859,066)	34,162,905
Total capital assets, not being depreciated	74,322,123	28,811,892	(41,859,066)	61,274,949
Capital assets, being depreciated:				
Vessels	117,887,695	31,835	41,859,066	159,778,596
Buildings and structures	95,200,553	83,621	(2,574,735)	92,709,439
Office and terminal equipment	12,776,869	1,132,328	(216,616)	13,692,581
Motor vehicles	4,586,514	33,680	-	4,620,194
Leasehold improvements	1,479,225	-	-	1,479,225
Total capital assets, being depreciated	231,930,856	1,281,464	39,067,715	272,280,035
Less accumulated depreciation for:				
Vessels	(81,573,415)	(6,015,879)	-	(87,589,294)
Buildings and structures	(46,795,206)	(3,432,340)	2,523,036	(47,704,510)
Office and terminal equipment	(10,271,299)	(981,880)	215,183	(11,037,996)
Motor vehicles	(2,285,119)	(425,328)	-	(2,710,447)
Leasehold improvements	(1,479,225)	-	-	(1,479,225)
Total accumulated depreciation	(142,404,264)	(10,855,427)	2,738,219	(150,521,472)
Total capital assets, being depreciated, net	89,526,592	(9,573,963)	41,805,934	121,758,563
Total capital assets, net	**$ 163,848,715**	**$ 19,237,929**	**$ (53,132)**	**$ 183,033,512**

3. STEAMSHIP BONDS OUTSTANDING

The Steamship Bonds outstanding at December 31, are as follows:

	2018	2017
2009 Series A, including unamortized bond premium of $41,242 and $60,277 at December 31, 2018 and 2017, respectively, bearing interest at rates ranging from 2.50% to 4.00%, requiring annual payments of principal beginning March 1, 2011 and semiannual interest payments through March 1, 2021	$ 1,756,242	$ 2,350,278
2009 Series B, including unamortized bond premium of $68,873 and $75,646 at December 31, 2018 and 2017, respectively, bearing interest at rates ranging from 2.00% to 4.00%, requiring annual payments of principal beginning March 1, 2011 and semiannual interest payments through March 1, 2029	6,738,873	7,220,647
2011 Series A, including unamortized bond premium of $52,686 and $94,835 at December 31, 2018 and 2017, respectively, bearing interest at rates ranging from 2.00% to 3.00%, requiring annual payments of principal beginning March 1, 2017 and semiannual interest payments through March 1, 2020	3,052,686	4,594,835
2014 Series A, including unamortized bond premium of $975,600 and $1,425,872 at December 31, 2018 and 2017, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2016 and semiannual interest payments through March 1, 2021	11,135,600	15,045,872
2015 Series A, including unamortized bond premium of $4,158,807 and $4,564,544 at December 31, 2018 and 2017, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2029	37,108,807	37,514,544
2017 Series A, including unamortized bond premium of $1,429,252 and $1,602,497 at December 31, 2018 and 2017, respectively, bearing interest at a rate of 5.00%, requiring annual payments of principal beginning March 1, 2018 and semiannual interest payments through March 1, 2027	11,614,252	12,662,495
2018 Series A, including unamortized bond premium of $2,144,288 at December 31, 2018, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2020 and semiannual interest payments through March 1, 2028	18,059,288	-
Total Steamship Bonds	**89,465,748**	79,388,671
Less bonds due within one year	**(7,145,000)**	(6,885,000)
Total Steamship Bonds–excluding current portion	**$ 82,320,748**	$72,503,671

3. STEAMSHIP BONDS OUTSTANDING … continued

2009 Series A Steamship Bonds – On July 21, 2009, the Authority issued $5,000,000 of 2009 Series A Steamship Bonds with interest rates ranging from 2.50% to 4.00%. The proceeds of the bonds were used to refund $5,000,000 in bond anticipation notes, the proceeds of which were used: (i) for the reconstruction and refurbishment of the *M/V Nantucket*, including without limitation the reconstruction of the deck, the reconstruction of the bridge, and the refurbishment of the vessel's seating and eating areas; and (ii) to pay the cost of issuance.

2009 Series B Steamship Bonds – On December 1, 2009, the Authority issued $10,000,000 of 2009 Series B Steamship Bonds with interest rates ranging from 2.00% to 4.00%. The proceeds were used for the following purposes: (i) to acquire four (4) parcels of land located in Falmouth, Massachusetts, for parking and other purposes (Project A); (ii) the reconstruction of vessel berthing slips in Hyannis, Massachusetts, for operational efficiency purposes, including without limitation the reconstruction of dolphins, wharves, and transfer bridge and gangways (Project B and together with Project A, the Projects); and (iii) to pay the cost of issuance.

2011 Series A Steamship Bonds – On December 13, 2011, the Authority issued $6,000,000 of 2011 Series A Steamship Bonds with interest rates ranging from 2.00% to 3.00%. The proceeds of the bonds were used for: (i) the reconstruction and refurbishment of the *M/V Eagle*, including without limitation the replacement of decking, doors and windows; the reconstruction of the snack bar; refurbishment of the vessel's seating and eating areas and the installation of a marine evacuation slide; and (ii) to pay the cost of issuance.

2014 Series A Steamship Bonds – On December 2, 2014, the Authority issued $20,105,000 of 2014 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the bonds were used to: (i) refund $22,765,000 of the Authority's 2004 Series B Bonds maturing in the years 2016 through 2021; and (ii) to pay the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. Government obligations, which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2004 Series B Steamship Bonds. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements. Prior refunded obligations outstanding at December 31, 2018 and 2017, totaled $11,585,000 and $15,475,000, respectively.

2015 Series A Steamship Bonds – On May 8, 2015, the Authority issued $32,950,000 of 2015 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to: (i) construct a new 235-foot passenger and vehicle vessel, the *M/V Woods Hole*, with a capacity of approximately 384 passengers and 50 cars, to replace the Authority's *M/V Governor*; and (ii) to pay the cost of issuance.

2017 Series A Steamship Bonds – On March 29, 2017, the Authority issued $11,060,000 of 2017 Series A Steamship Bonds with an interest rate of 5.00%. The proceeds were used for the following purposes: (i) to construct a new General Administration Office Building; and (ii) to pay the cost of issuance.

2018 Series A Steamship Bonds – On August 28, 2018, the Authority issued $15,915,000 of 2018 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal; and (ii) to pay the cost of issuance.

3. STEAMSHIP BONDS OUTSTANDING … continued

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds outstanding at December 31, 2018, are as follows, exclusive of bonds defeased:

YEARS ENDING DECEMBER 31	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2019	$ 7,145,000	$ 3,505,856	$ 10,650,856
2020	7,520,000	3,178,781	10,698,781
2021	7,865,000	2,823,844	10,688,844
2022	7,055,000	2,461,863	9,516,863
2023	7,390,000	2,109,250	9,499,250
2024-2028	38,475,000	4,855,125	43,330,125
2029-2033	5,145,000	80,850	5,225,850
TOTAL	**$ 80,595,000**	**$ 19,015,569**	**$ 99,610,569**

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of $211,336 and unamortized bond premium of $8,870,748.

Bonds payable activity for the year ended December 31, 2018, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Bonds payable:					
Steamship Bonds	$ 71,565,000	$ 15,915,000	$ (6,885,000)	$ 80,595,000	$ 7,145,000
Issuance premiums	7,823,671	2,220,192	(1,173,116)	8,870,748	-
	$ 79,388,671	**$ 18,135,192**	**$ (8,058,116)**	**$ 89,465,748**	**$ 7,145,000**

Bonds payable activity for the year ended December 31, 2017, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
Bonds payable:					
Steamship Bonds	$ 66,310,000	$ 11,060,000	$ (5,805,000)	$ 71,565,000	$ 6,885,000
Issuance premiums	7,145,146	1,602,497	(923,972)	7,823,671	-
	$ 73,455,146	**$ 12,662,497**	**$ (6,728,972)**	**$ 79,388,671**	**$ 6,885,000**

4. LEASE COMMITMENTS

Operating Leases – The Authority has several noncancelable operating lease commitments at December 31, 2018, with terms in excess of one year. Future minimum lease payments under operating leases are as follows:

YEARS ENDING DECEMBER 31	
2019	$ 587,226
2020	356,438
2021	356,438
2022	304,600
2023	297,308
2024–2028	519,600
TOTAL	**$ 2,421,610**

Aggregate rental expense for the years ended December 31, 2018 and 2017, was $768,108 and $1,130,042, respectively.

5. DEPOSITS AND INVESTMENTS

The Steamship Authority's Board has the sole responsibility for establishing and revising investment policy. In June 2003, the Authority adopted a formal investment policy for all of its operations funds and special-purpose restricted funds. In March 2017, the Steamship Authority's Board reaffirmed the investment policy. The investment strategy is to invest substantially in short-term securities. Permitted investments will consist of obligations issued or secured by the U.S. Government or agencies of the U.S. Government and overnight repurchasing agreements with banks or in mutual funds composed of the above types of investments. The Authority can also invest in the Massachusetts Municipal Depository Trust (MMDT or the Trust), a pooled money-market-like investment fund managed by the Commonwealth and established under Massachusetts General Laws, Chapter 29, Section 38A.

Investment options which are offered by MMDT include a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and a Short-Term Bond Portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays 1-5 Year Government/Credit Bond Index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Authority's investment balance with MMDT as of December 31, 2018 and 2017 were solely in the cash portfolio. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The cash portfolio also adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. At December 31, 2018 and 2017 the Authority's deposits with MMDT totaled $38,040,471 and $41,372,426, respectively. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

Cash and Cash Equivalents

The total amount of the Authority's cash and cash equivalents at December 31, respectively, are as follows:

	2018	2017
Cash, including trust and custody agreements	$ 10,469,489	$ 11,994,979
MMDT	38,040,471	41,372,426
TOTAL	**$ 48,509,960**	$ 53,367,405

5. DEPOSITS AND INVESTMENTS … continued

Custodial Credit Risk

Custodial credit risk exists for cash deposits when, in the event of a failure of a depository financial institution, the Authority's deposits may not be recovered. The Authority does not have a formal policy with regard to custodial credit risk but generally invests in securities or financial institutions which have either short-term rating of "A" or government securities of "AAA." Bank deposits are Federal Depository Insurance Corporation or Massachusetts Depositors Insurance Fund insured as of December 31, 2018 and 2017. Bank trust and custody agreements include Pledged Holdings and Irrevocable Stand-by Letters of Credit issued by the various financial institutions as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, respectively, are as follows:

	2018	2017
Balance per banks	$ 13,492,804	$ 15,442,402
Deposits covered by:		
Federal Depository Insurance Corporation	(845,076)	(1,000,000)
Massachusetts Depositors Insurance Fund	(264,160)	(551,535)
Bank trust and custody agreements	(9,766,143)	(11,327,281)
TOTAL UNINSURED AND UNCOLLATERALIZED DEPOSITS	**$ 2,617,425**	$ 2,563,586

Interest Rate Risk and Credit Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Authority does not have a formal policy with regard to interest rate risk. The majority of the Authority's investments are in MMDT, a pooled money-market-like investment fund.

Credit risk exists when there is a possibility that the issuer of an investment may be unable to fulfill its obligations. The Authority does have a formal policy with regard to credit risk. It should be noted, however, that the investment portfolio may be no more than 25% invested in securities of a single issuer, except for obligations of the U.S. Government.

5. Deposits and Investments … continued
Interest Rate Risk and Credit Risk … continued

The Authority maintains cash, cash equivalents, and investments available for use by all funds, in the manner provided below, as set forth by the Authority's Enabling Act, as amended.

The revenues derived from the operation of the Steamship Authority are set aside in funds as defined in the Act and provisions of the Board Resolutions. Monies in these funds on the last day of the preceding month shall be transferred:

- ***To the Sinking Fund*** – such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;
- ***To the Bond Redemption Fund*** – all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued;
- ***To the Property Replacement Fund*** – such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);
- ***To the Reserve Fund*** – such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or $600,000, whichever is greater; and
- ***To the Operations Fund*** – such amount, if available, as may be required to pay the cost of maintenance, repair, and operation of the Steamship Line for the current month and the next ensuing month and to maintain working capital for such purposes in an amount not to exceed one thirty-sixth of the operating budget for the then-current fiscal year.

6. PENSION PLANS

The Authority provides retirement benefits to its employees through various defined benefit and defined contribution pension plans.

Defined Benefit Pension Plans Sponsored by the Authority

Description of Plans

Nonunion Plan

The Authority has in effect a single employer, defined benefit pension plan established in 1968 for eligible nonunion employees (the "Nonunion Plan"). The Nonunion plan reporting date is February 28th of each year.

Administration of the Plan

The Nonunion Plan is administered by the Authority. The Trustee, Principal Mutual Life Insurance Company, holds the investment securities of the Nonunion Plan and executes related transactions under custodial agreements with the Nonunion Plan and the Authority. Separate financial statements are not issued for the Nonunion Plan.

Participation and Vesting

Employees not under collective bargaining agreements whose customary employment with the Authority is for at least 30 hours per week and are employed or expected to be employed on a year-round basis may participate in the Nonunion Plan.

Participants' benefits become fully vested after five years of service in the Nonunion Plan. Benefit payments are made to participants of the Nonunion Plan or their beneficiaries in varying amounts according to the provisions of the Nonunion Plan.

Plan Amendment and Termination

The Nonunion Plan may be amended or terminated in whole or in part, at any time by the Authority, provided that no such modification, amendment, or termination shall be made that would deprive a current participant of rights or benefits provided under the Nonunion Plan.

Normal Retirement Benefits

The normal form of retirement benefit is a monthly annuity payable for life with payments guaranteed for five years (optional forms of payment may be elected in advance of retirement), commencing on the normal retirement date. The normal retirement date for participants who joined the Nonunion Plan prior to March 1, 1992, is the earliest of (a) attainment of age 65 and completion of 20 years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 75% of average compensation for the last three years multiplied by an accrued benefit adjustment (as defined in the Nonunion Plan). The normal retirement date for participants who joined the Nonunion Plan on or after March 1, 1992, is the earliest of (a) attainment of age 65 and completion of five years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 2.5% of average compensation multiplied by years of service (maximum of 30 years). The normal retirement date for participants who join the Nonunion Plan on or after March 1, 2011, is the attainment of age 65 and completion of 10 years of service. The amount of benefits is equal to 2.0% of average compensation multiplied by years of service (maximum of 30 years). Average compensation is defined as average monthly pay received during the three-year period preceding the normal retirement date.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Participants in the Nonunion Plan prior to March 1, 1992, are entitled to a benefit based upon the greater of the benefits allowed under the plan as it existed prior to March 1, 1992 or the benefits allowed to participants who join on or after March 1, 1992.

Employees Covered by Benefit Terms

At February 28, 2018, the following employees were covered by the benefit terms:

Active plan members	82
Inactive plan members entitled to but not yet receiving benefits	24
Retired plan members or beneficiaries currently receiving benefits	40
TOTAL	**146**

Cost-of-Living Adjustment

As of March 1, 2002, the Nonunion Plan was amended to include an annual cost-of-living increase to participants receiving monthly payments under the Nonunion Plan. The cost-of-living increase is based on half of the percentage increase in the consumer price index from year to year with the aggregate cost-of-living increase not to exceed 50% of the value of the participant's benefit as of the annuity starting date.

As of March 1, 2011, the Nonunion Plan was amended to exclude an annual cost-of-living increase to participants receiving monthly payments under the Nonunion Plan who became participants on or after March 1, 2011.

Contributions

Employees who become participants in the Nonunion Plan are currently required to contribute 3.0% of salary. The Authority currently contributes 25.0% of annual covered payroll for the Nonunion Plan. For the Plan years ended February 28, 2018 and February 28, 2017, the Authority contributed $1,505,097 and $1,201,056, respectively towards the Nonunion Plan. For the period March 1, 2018 through December 31, 2018 the Authority contributed $1,348,567 towards the Nonunion Plan. These contributions are recorded as deferred outflow on pensions in the statement of net position.

Disability Benefits

There are no disability benefits payable under the Nonunion Plan.

Early Retirement Benefits

Early retirement benefits are in the same form as normal retirement benefits and commence on the early retirement date. The early retirement date must be within the 10-year period preceding the normal retirement date. Benefits are reduced for each year that the early retirement date precedes the normal retirement date.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Investments

Investments are valued as of the measurement date. Investments are in separate accounts held at The Principal Financial Group in commingled pools, rather than individual securities, and are valued at fair market value. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal Financial Group, has been hired to manage the asset allocation strategy for the Nonunion Plan.

The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the Nonunion Plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plan's return while providing multiple layers of diversification to help minimize risk.

Actuarial Assumptions

VALUATION DATE	ACTUARIAL COST METHOD	ASSET VALUATION METHOD	AMORTIZATION METHOD	AMORTIZATION PERIOD	ASSUMED RATE OF RETURN	INFLATION RATE	SALARY INCREASES
02/28/2018	Entry Age	Market Value	Level dollar	20-30 years	5.50%	2.00%	S5 + 1.75%
02/28/2017	Entry Age	Market Value	Level dollar	20-30 years	5.50%	2.00%	S5 + 1.75%
02/29/2016	Entry Age	Market Value	Level dollar	20-30 years	6.25%	2.25%	S5 + 1.75%
02/28/2015	Entry Age	Market Value	Level dollar	20-30 years	6.25%	2.25%	S5 + 1.75%
02/28/2014	Entry Age	Market Value	Level dollar	20-30 years	6.75%	2.25%	S5 + 1.75%

Total mortality rates as of 2007 from SOA RP-2014 study (baseline 2006 table trued up to 2007 with actual improvement rate).

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2017 to February 28, 2018 is 9.49%.

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Expected Rate of Return

The expected long-term return of 5.50% on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2016. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2016 is 20-30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

The plan's target asset allocations, as of February 28, 2018, are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	EXPECTED ARITHMETIC RETURN	EXPECTED GEOMETRIC RETURN
US Equity - Large Cap	25.18%	7.85%	6.50%
US Equity - Mid Cap	2.83%	8.10%	6.50%
US Equity - Small Cap	1.33%	8.55%	6.50%
Non-US Equity	11.40%	8.10%	6.50%
REITs	0.36%	7.95%	6.10%
Real Estate (direct property)	5.45%	5.80%	5.50%
TIPS	0.54%	3.05%	2.85%
Core Bond	48.44%	3.75%	3.60%
High Yield	4.47%	6.70%	6.30%

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued

Changes in the Authority's net pension liabilities for the year ending December 31, 2018 are as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
Balance at December 31, 2017	$ 37,705,975	$ 24,730,923	$ 12,975,052
Changes for the year:			
Service Cost	1,052,910	-	1,052,910
Interest	1,882,289	-	1,882,289
Differences between expected and actual experience	1,130,001	-	1,130,001
Changes in assumptions	-	-	-
Contributions - employer	-	1,505,097	(1,505,097)
Contributions - employee	-	179,569	(179,569)
Net investment income	-	2,387,900	(2,387,900)
Benefit payments, including refunds of employee contributions	(710,728)	(710,728)	-
Administrative expenses	-	-	-
Net change	-	-	-
BALANCE AT DECEMBER 31, 2018	**$ 41,060,447**	**$ 28,092,761**	**$ 12,967,686**

Statement of Deferred Outflows and Inflows of Resources

As of February 28, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 1,273,860	$ (61,523)
Effects of changes in assumptions	889,015	(310,343)
Net difference between expected and net investment income	1,067,776	(1,568,999)
Employer contributions subsequent to measurement period	1,600,821	-
TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	**$ 4,831,472**	**$ (1,940,865)**

6. PENSION PLANS … continued
Defined Benefit Pension Plans Sponsored by the Authority … continued
Nonunion Plan … continued
Statement of Deferred Outflows and Inflows of Resources … continued

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

YEAR ENDED DECEMBER 31	AMOUNT TO BE RECOGNIZED
2019	$ 831,880
2020	493,546
2021	(36,243)
2022	10,603

Discount Rate

The discount rate used to determine the end of period total pension liability is 4.90%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2018 to 2050.

The long-term rate of return of 5.50% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.96% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the February 28, 2018 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

The discount rate used to determine the beginning of period total pension liability is 4.90%. The municipal bond rate as of February 28, 2017 was 4.04%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan as of February 28, 2018, calculated using the discount rate of 4.90%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (3.90%) or one percentage point higher (5.90%) than the current rate:

PLAN YEAR ENDED	1% DECREASE (3.90%)	DISCOUNT RATE (4.90%)	1% INCREASE (5.90%)
February 28, 2018	$ 18,666,048	$ 12,967,686	$ 8,202,780

6. PENSION PLANS … continued

Defined Contribution Plans Sponsored by the Authority

Licensed Deck Officers Plan

The Authority also has a defined contribution plan for its licensed deck officers. Prior to July 27, 2013, the Authority was required to contribute an amount equal to 10.75% of base weekly earnings for each employee. Effective July 27, 2013, the Authority was required to contribute an amount equal to 7.50% of base weekly earnings for each employee. The Authority's required and actual contributions aggregated $353,959 and $312,051 for 2018 and 2017, respectively.

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Principal Mutual Life Insurance Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

Participation and Vesting

All licensed deck officers (captains, pilots, and mates) are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Parking Lot Employees and Shuttle Bus Drivers Plan

The Authority also has a defined contribution plan for its permanent parking lot employees/shuttle bus drivers. Effective May 28, 2011, the Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each permanent parking lot employee/shuttle bus driver. As a result of a collective bargaining agreement effective from May 7, 2016 through May 7, 2021, beginning December 24, 2016 the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent parking lot employees/shuttle bus drivers. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent parking lot employees/shuttle bus drivers who were approaching retirement and wished to remain in the plan, and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $4,834 and $6,787 for 2018 and 2017, respectively.

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

6. PENSION PLANS … continued
Defined Contribution Plans Sponsored by the Authority … continued
Parking Lot Employees and Shuttle Bus Drivers Plan … continued

Participation and Vesting

All permanent parking lot employees/shuttle bus drivers are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Security Employees Plan

The Authority also has a defined contribution plan for its permanent security employees. The Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each security employee. As a result of a collective bargaining agreement effective from July 23, 2016 through July 23, 2021, beginning December 24, 2016 the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent security employees. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent security employees who were approaching retirement and wished to remain in the plan, and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $2,665 and $3,908 for 2018 and 2017, respectively.

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

Participation and Vesting

All permanent security employees are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Unlicensed Vessel Employees Plan

The Authority also has a defined contribution plan for its permanent unlicensed vessel employees. Effective August 23, 2014, the Authority is required to contribute an amount equal to 3.5% of base weekly earnings for each employee. Prior to that, the Authority was required to contribute an amount equal to 10.0% of base weekly earnings for the period April 15, 2000 through August 22, 2014; 9.0% from April 17, 1999 through April 14, 2000; 7.5% from April 18, 1998 through April 16, 1999; and 6.0% through April 17, 1998. The Authority's required and actual contributions aggregate $280,951 and $268,780 for 2018 and 2017, respectively.

6. PENSION PLANS … continued
Defined Contribution Plans Sponsored by the Authority … continued
Unlicensed Vessel Employees Plan … continued

Administration of the Plan

The Plan is administered by the Authority. The Trustee, Prudential Trust Company, holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan and the Authority.

Participation and Vesting

All permanent unlicensed vessel employees are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Multiemployer - Licensed Engineering Officers Plan

The Authority contributes to a multiemployer defined contribution plan for its licensed engineering officers. The Authority is required to contribute an amount equal to 10.667% of base weekly earnings for each employee on the permanent Chief Engineers roster as of August 1, 2008, and $12.50 per day for each engineering officer not on the permanent Chief Engineers roster as of August 1, 2008. In January 2012, the Authority discontinued contributing to the multiemployer defined contribution plan and instead began contributing to a multiemployer pension plan, administered by the Marine Engineers Beneficial Association Pension Trust at a rate of 11.7% of earnings.

Administration of the Plan

The Plan is administered by the Marine Engineers Beneficial Association Pension Trust, Trustee. The Trustee holds the investment securities of the Plan and executes related transactions under custodial agreements with the Plan.

Participation and Vesting

All engineering officers (chief engineers, third assistant engineers) are eligible to participate in the Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the Plan.

Employer Contributions

Effective August 2016, the Authority resumed contributions to the defined contribution plan at a rate of 2.74%. In August 2017, the Authority's contribution rate changed to 4.0% and in August 2018 the contribution rate changed to 5.0%. The Authority's required and actual contributions aggregate $121,873 and $79,347 for 2018 and 2017, respectively.

6. PENSION PLANS … continued

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with Internal Revenue Code Section 457, available to all regular full-time employees. Under the terms of the plan, employees who wish to participate may have contributed up to a maximum of $18,500 in 2018 and $18,000 in 2017 of their annual compensation. A "catch up" contribution for those employees 50 years of age or older is allowed; this amount is limited to an additional $6,000 per year. The Authority did not contribute to the plan in 2018 or 2017.

Multiemployer Pension Plans

The Authority provides benefits to certain of its employees by making contributions to various multiemployer pension plans. Such plans are available to all full-time union employees not covered by the Authority's single employer pension plan, and their eligibility in the plans commences upon employment. There were no outstanding payables under any of the plans for the year ending December 31, 2018. The schedule of employer contributions to the plans, presented as required supplementary information following the notes to the financial statements, present historical contributions made to each plan. None of these pension plans issue publicly available financial statements.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Licensed Deck Officers. The active union contract was executed effective July 30, 2016, and has a term ending July 30, 2021. The contribution rate, effective October 29, 2013, has been negotiated at $7.50 per hour to a maximum of $315.00 per week, per employee. During 2018, contributions were made for 63 employees totaling $781,425.
- The Marine Engineers Beneficial Association (M.E.B.A.) Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective July 30, 2016, and has a term ending July 30, 2021. The contribution rate, effective January 1, 2012, has been negotiated at 11.7% of the total wages per employee. Effective May 1, 2015, an additional $6.00 per day was redirected from the M.E.B.A. Medical and Benefits Plan towards the pension plan. During 2018, contributions were made for 51 employees totaling $433,482.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Unlicensed Vessel Employees. The active union contract was executed effective April 15, 2017, and has a term ending April 16, 2021. The contribution rate, effective January 1, 2017, has been negotiated at $5.00 per hour to a maximum of $210.00 per week, per employee. During 2018, contributions were made for 194 employees totaling $1,502,055.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $6.37 per hour to a maximum of $254.80 per week, per employee. During 2018, contributions were made for 37 employees totaling $421,681.

6. PENSION PLANS … continued
Multiemployer Pension Plans … continued

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Agency and Terminal Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $4.64 per hour to a maximum of $185.60 per week, per employee. During 2018, contributions were made for 117 employees totaling $915,166.
- The Massachusetts Service Employee's Pension Fund Plan covered the Authority's Reservation Clerks and Group Sales employees. The active union contract was executed effective August 22, 2015, and has a term ending August 24, 2018. The contribution rate, effective January 1, 2016, has been negotiated at $0.50 per hour to a maximum of $20.00 per week, per employee. During 2018, contributions were made for 26 employees totaling $25,423.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Parking Lot Employees/Shuttle Bus Drivers. The active union contract was executed effective May 7, 2016, and has a term ending May 7, 2021. The contribution rate, effective December 24, 2016, has been negotiated at $1.00 per hour to a maximum of $40.00 per week, per employee. During 2018, contributions were made for 34 employees totaling $51,661.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 23, 2016, and has a term ending July 23, 2021. The contribution rate, effective April 1, 2011, has been negotiated at $1.00 per hour to a maximum of $40.00 per week, per employee. During 2018, contributions were made for 11 employees totaling $15,547.

The covered payroll of such employees was $26,137,210, $26,907,063 and $25,085,157 in 2018, 2017 and 2016, respectively. The Authority's contributions to the Plans met the contribution requirements in 2018, 2017, and 2016, and aggregated $4,146,439 (15.9% of covered payroll for employees participating in the Plans in 2017), $4,035,501 (15.0% of covered payroll for employees participating in the Plans in 2017), and $3,693,443 (14.7% of covered payroll for employees participating in the Plans in 2016).

Pension Withdrawal Obligations

In March 2011, the Steamship Authority entered into successor collective bargaining agreements, with Teamster Local 59, with respect to its maintenance employees and its agency and terminal employees. Terms of the agreements allow the Authority to withdraw from the New England Teamsters and Trucking Industry Pension Fund (the Fund). The agreements provide that the Authority shall fully satisfy its withdrawal liability to the Fund by making 300 monthly withdrawal liability payments, each in the amount of $83,333, beginning October 2011. In addition, the Authority will enter into the New England Teamsters and Trucking Industry Pension Fund "New Employer Pool." The Authority's participation in the New Employer Pool requires that any future withdrawal liability be computed by the Direct Attribution Method under terms of the Employee Retirement Income Security Act of 1974 (ERISA §4211). In 2018 and 2017, the Authority made payments totaling $1,000,000, respectively, towards the withdrawal liability. Interest payments totaled $499,716 and $518,389 in 2018 and 2017, respectively. Pension withdrawal obligation totaled $12,843,334 and $13,343,618 as of December 31, 2018 and 2017, respectively, and is recorded in the Statements of Net Position using the present value of the obligation based upon incremental borrowing costs.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the Authority provides postemployment health care benefits for eligible employees who render at least 20 years of service and attain age 62 while in service until the employee is eligible for Medicare. The benefits, benefit level, employee contributions, and employer contributions are governed by the Authority and collective bargaining agreements. As of December 31, 2018, the actuarial valuation date, approximately 298 active employees and 26 retirees meet eligibility requirements. The plan does not issue separate stand-alone financial statements.

Benefits Provided

Medical coverage, excluding dental, under the group health insurance plan for regular full-time nonunion employees, licensed deck officers, and unlicensed vessel personnel with 20 or more years of service who retire after reaching age 62 will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided that the employee pay 50% of the enrollment cost as established annually by the Plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue as provided for under COBRA, provided that the employee pay 100% of the enrollment cost as established annually by the Plan administrator.

Funding Policy

Effective January 1, 2013, the nonunion retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the Plan administrator. Effective July 27, 2013, the licensed deck officer retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the Plan administrator. Effective August 2, 2014, the unlicensed vessel retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the Plan administrator. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

Measurement Date

GASB Statement No. 74 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016.

Employees Covered by Benefit Terms – the following table represents the Plan's membership as of December 31, 2018:

Retirees or beneficiaries currently receiving benefits	26
Active Employees	298
TOTAL	**324**

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

Changes in the Total OPEB Liability:

	INCREASE (DECREASE)
Balance at December 31, 2017	$ 2,508,718
Changes for the year:	
Service Cost	74,846
Interest on liability and service cost	94,253
Changes in benefits	-
Experience (gain) and loss	(207,260)
Benefit payments	(141,612)
Net Changes	(179,773)
BALANCE AT DECEMBER 31, 2018	**$ 2,328,945**

Sensitivity of the OPEB liability to changes in the discount rate:

	1% DECREASE (3.00%)	CURRENT DISCOUNT RATE (4.00%)	1% INCREASE (5.00%)
Total OPEB liability	$ 2,507,188	$ 2,328,945	$ 2,168,367

Sensitivity of the OPEB liability to changes in the health care cost trends:

	1% DECREASE (3.00%)	CURRENT TREND (4.00%)	1% INCREASE (5.00%)
Total OPEB liability	$ 2,196,910	$ 2,328,945	$ 2,478,404

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) … continued

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

Deferred outflows of resources:	
Contributions subsequent to the December 31, 2018	$ -
Total deferred outflows of resources	-
Deferred inflows of resources:	
Changes in assumptions	(174,621)
Total deferred inflows of resources	(174,621)
Net deferred outflows and inflows of resources	(174,621)
Less contributions subsequent to the measurement date	-
Net deferred outflows and inflows of resources exclusive of employer specific deferrals	**$ (174,621)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

8. COMMITMENTS

Construction in progress at December 31, 2018 consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2019, 2020, and 2021. At December 31, 2018, remaining construction commitments for these capital projects aggregated $37,263,275. In addition, dry-docking and overhaul commitments for vessels aggregated $5,309,034.

9. CONTINGENCIES

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.

The Authority applies for and occasionally receives financial assistance from the federal government's various grant programs for specific projects. When this occurs, the entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowance become liabilities of the Authority.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for these risks, except for those risks identified in the following paragraph, which the Authority accounts for in accrued expenses.

Group Health

The Authority has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The total charge is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are recorded as a component of accounts payable in the Authority's statements of net position. Claim liabilities are calculated based on recent claim settlement trends, including frequency and amount of pay-outs. The calculation includes a weighted-three-year-average of claims paid by group with an adjustment made to claims to account for increases in medical cost based on the Consumer Price Index – Medical (CPI-Med). The Authority carries stop-loss insurance on individual medical claims in excess of $150,000 per person and approximately $2,475,000 in the aggregate, up to a maximum aggregate benefit payment of $1,000,000 per person per year. An analysis of claims activities is presented below:

	2018	2017
Liability as of January 1	$ 131,897	$ 172,512
Current-year charges and changes in estimate	2,569,307	1,896,863
Actual claims paid	(2,506,186)	(1,937,478)
Liability as of December 31	**$ 195,018**	**$ 131,897**

Such amounts are recorded as a component of current liabilities in the statements of net position.

11. HEDGE PROGRAM

The Authority manages a fuel oil hedging program, which is intended to take advantage of market conditions to cap fuel expense. The objectives of the program are to (1) identify exposure to movements in energy prices, (2) understand the impact to the Authority's financial position, (3) employ all reasonable and prudent measures to mitigate the impact of price movements, and (4) manage the volatility of energy costs to acceptable levels. The hedge program attempts to transform the unacceptable risks of skyrocketing energy prices into an acceptable form, similar to an insurance policy.

The Steamship Authority's hedging program operates under a non-speculative philosophy and transactions are limited to expected energy volumes anticipated in the normal course of operations. The Authority's hedging strategy may include fixed-price swaps, collars, or caps. The program is designed to allow the Authority to benefit from prices that fall below the cap while offering some protection that pricing will not exceed the cap price.

As of December 31, 2018, the Authority had executed hedging transactions for 2,898,000 gallons of fuel out of the approximate 3,304,000 gallons of fuel which is expected to be used in 2019. The cost of these call options totaled $506,846 at December 31, 2018. As the Authority's hedging is for fuel oil used in the operation of its vessels and the monthly call options are for quantities lower than the quantities reasonably expected to be consumed, these activities qualify for to the exclusion provided for in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and therefore not required to be reported as derivative instruments.

12. SUBSEQUENT EVENTS

The Authority has evaluated events and transactions for potential recognition or disclosure through February 4, 2020, when the financial statements were available to be issued.

The Authority entered into various irrevocable stand-by letters of credits with TD Bank, N.A. subsequent to year-end that will serve as collateral for the Authority's public deposits subsequent to December 31, 2018. As of February 4, 2020, the issued letter of credit presented below remains outstanding:

ISSUANCE DATE	DUE DATE	AMOUNT
December 20, 2019	March 31, 2020	$ 8,600,000

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF THE WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY PENSION PLAN

REPORTING PERIOD ENDING	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 1,052,910	$ 967,905	$ 1,081,252	$ 647,483
Interest	1,882,289	1,793,810	1,681,088	1,632,651
Benefit payments	(710,728)	(999,967)	(370,672)	(319,029)
Difference between expected and actual experience	1,130,001	579,321	(177,602)	354,985
Change in assumptions	-	969,280	(895,895)	2,607,925
Net Change in Total Pension Liability	3,354,472	3,310,349	1,318,171	4,924,015
Total Pension Liability, beginning of period	**37,705,975**	**34,395,626**	**33,077,455**	**28,153,440**
Total Pension Liability, end of period	**$ 41,060,447**	**$ 37,705,975**	**$ 34,395,626**	**$ 33,077,455**
Plan Fiduciary Net Position				
Employee contributions	$ 179,569	$ 167,784	$ 161,527	$ 157,177
Employer contributions	1,505,097	1,201,056	807,637	789,093
Net investment income	2,387,900	2,639,818	(1,179,009)	1,245,714
Benefit payments	(710,728)	(999,967)	(370,672)	(319,029)
Administration expenses	-	(9,000)	-	(2,064)
Net Change in Plan Fiduciary Net Position	3,361,838	2,999,691	(580,517)	1,870,891
Plan Fiduciary Net Position, beginning of period	**24,730,923**	**21,731,232**	**22,311,749**	**20,440,858**
Plan Fiduciary Net Position, end of period	**$ 28,092,761**	**$ 24,730,923**	**$ 21,731,232**	**$ 22,311,749**
Net Pension Liability				
Net Pension Liability	**$ 12,967,686**	**$ 12,975,052**	**$ 12,664,394**	**$ 10,765,706**
Ratios				
Fiduciary net position as a percentage of total pension liability	68.42%	65.59%	63.18%	67.45%
Covered employee payroll	$ 6,095,342	$ 5,517,416	$ 5,381,074	$ 5,160,167
Net pension liability as a percentage of covered employee payroll	**212.75%**	**235.17%**	**235.35%**	**208.63%**

* Changes in the pension liability for the years prior to the fiscal year ending December 31, 2015 were not available and accordingly, were not included in the schedule.

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE MULTIEMPLOYER PENSION PLANS (UNAUDITED)

INFORMATION NOTED IS FOR THE LAST 10 FISCAL YEARS

YEAR ENDING	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND LICENSED DECK OFFICERS	MARINE ENGINEERS BENEFICIAL ASSOCIATION PENSION FUND LICENSED ENGINEERS	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND UNLICENSED VESSEL EMPLOYEES	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND MAINTENANCE EMPLOYEES
December 31, 2009	$ -	$ -	$ -	$ 351,984
December 31, 2010	-	-	-	356,664
December 31, 2011	-	-	-	340,040
December 31, 2012	-	253,075	-	362,013
December 31, 2013	307,582	315,703	-	366,594
December 31, 2014	699,772	313,260	466,630	358,220
December 31, 2015	707,332	354,697	1,329,894	352,182
December 31, 2016	718,879	382,758	1,343,290	376,028
December 31, 2017	745,496	391,439	1,535,842	395,985
December 31, 2018	781,425	433,482	1,502,055	421,681

YEAR ENDING	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND AGENCY & TERMINAL EMPLOYEES	MASSACHUSETTS SERVICE EMPLOYEE'S PENSION FUND RESERVATION CLERKS & GROUP SALES	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND PARKING LOT EMPLOYEES & BUS DRIVERS	NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND SECURITY EMPLOYEES
December 31, 2009	$ 966,960	$ 37,984	$ -	$ -
December 31, 2010	1,094,156	37,890	-	-
December 31, 2011	928,440	32,167	-	-
December 31, 2012	891,850	31,195	-	-
December 31, 2013	895,432	29,625	-	-
December 31, 2014	861,731	26,991	-	-
December 31, 2015	835,367	31,317	-	-
December 31, 2016	840,360	32,128	-	-
December 31, 2017	874,250	28,962	47,856	15,671
December 31, 2018	915,166	25,423	51,661	15,547

12. SUBSEQUENT EVENTS … continued

REPORT PERIOD ENDING	12/31/2018
Total OPEB Liability	
Service cost	$ 74,846
Interest	94,253
Benefit payments	(141,612)
Experience (gain) and loss	(207,260)
Net change in total OPEB liability	(179,773)
Total OPEB liability, beginning of period	2,508,718
Total OPEB liability, end of period	**$ 2,328,945**
Covered employee payroll	$ 17,996,177
Total OPEB liability as a percentage of covered employee payroll	12.9%

Notes: Information provided for Required Supplementary information will be provided for 10 years as it becomes available.

The Steamship Authority

SteamshipAuthority.com

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